Automotive News®

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Chrysler's encore: P-car America

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Corp. will launch 1991 Dodge Shadow and Plymouth Sundance "America" models and market the compacts as the lowest priced air bag-equipped sedans built in the United States.

Chrysler is betting the America marketing strategy will beef up its sales in the bottom end of the market, where volume has sagged since production of the Dodge Omni/Plymouth Horizon subcompacts ended in February.

Dealers said they have told Chrysler executives that the base price of the P-car Shadow/Sundance America models must be less than $8,000. The base retail price for the 1990 Shadow four-door is currently $8,985. The base price of the Sundance is $9,045.

Rick Tomkinson, chairman of the Chrysler-Plymouth National Dealer Council, said the council has asked for a base price of $6,995 on the 1991 Sundance America.

Ken Meade, chairman of the Dodge National Dealer Council, said that the group seeks a base price of $7,395 on Shadow America.

Dealers have not been notified of final pricing, although the company has been determining 1991 pricing in recent weeks. The price of the Shadow and Sundance America models is expected to be identical.

The America strategy relies on simplifying and reducing option offerings. That in turn creates manufacturing cost savings, which permits a lower sticker price.

Dealers said the base America model will be equipped with a manual transmission. Tomkinson said dealers anticipate that when equipped with automatic transmission and air conditioning, the America model will retail for between $8,100 to $8,200.

Chrysler will continue to offer standard versions of the P-car. Dealers have not been notified of 1991 tentative retail prices for those cars.

The America P-cars will be differentiated from the standard versions by the absence of door and body side moldings.

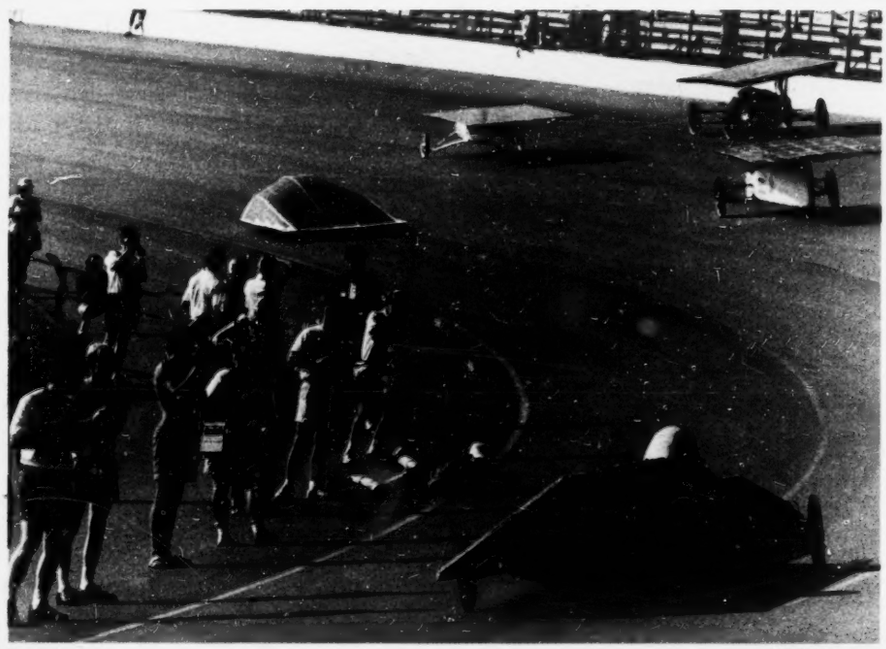
One noticeable difference between the 1991 Sundance America and the 1990 Sundance pictured here will be the absence of body and door side moldings.

All P-cars are equipped with passenger-side air bags.

The imported Geo Metro four-door sedan is now the lowest-priced sedan in America. It has a base retail price of $6,995. Remaining 1990 Omni and Horizon models have a $6,995 sticker price.

The P-cars' domestic sedan competition includes the Chevrolet Cavalier VL, which had a base price of $7,777 in 1990; 1990 Pontiac Sunbird LE, which carries a

see CHRYSLER, page 51



DETROIT FREE PRESS

Hot laps

As part of their 11-day, 1,625-mile adventure, solar-powered cars competing in the GM Sunrayce USA circled the famed Brickyard in Indianapolis, albeit at lower speeds than those posted in May. The University of Michigan entry beat those of 31 other colleges with an average speed of 22 mph. Story on Page 3.

New GM franchise adds dealer clout; NADA hails pact

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors' new franchise agreement promises sweeping changes for resolving disputes and for obtaining dealer opinion in crucial decisions.

GM officials will begin explaining the contract to dealers today.

Dealers who worked on it are hailing the five-year contract, which takes effect Nov. 1, as the most dealer-sensitive in the auto industry.

For the first time, sections of the franchise agreement will differ among GM's five car divisions and GMC Truck. And the contract replaces the current arbitration system, which relies on a company-paid retired judge. Variations of binding or non-binding arbitration will be used to settle disputes between dealers and the divisions.

Ray Green, president of the National Automobile Dealers Association, praised GM for allowing dealers to help write the contract and for providing formal mechanisms for dealer input into company decisions. Those decisions could relate to products and marketing as well as standards for dealership design, equipment and training.

"It's No. 1 in the industry," Green said. "There just isn't any other agreement today that provides for dealer input and dealer decision-making that this does."

Green and other NADA representatives helped put together the agreement. He said it was close to a model agreement he proposed last winter when he took office. He said he will encourage other auto companies to follow GM's approach. Franchise agreements at Ford Motor Co. and Chrysler Corp. have no expiration date.

GM officials and dealers involved in drafting the agreement would reveal few details until it is distributed to GM's 9,595 dealers.

Besides the dispute-resolution process, the agreement traditionally also contains specific sales tar-

see FRANCHISE, page 52

CHANGING GEARS: *Saab's Helling is back, with a steep hill to climb*

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

ORANGE, Conn. — Robert J. Sinclair is handing day-to-day control of Saab-Scania of America Inc. to his long-time No. 2 man, Sten O. Helling, after an up-and-down reign that's lately been going downhill.

Helling, 52, will become president of the importer. He returns after a year of semi-retirement as a full-time Saab marketing consultant.

Sinclair, 58, assumes the newly created position of chairman and chief executive officer.

"This is more than just a paper change," said Sinclair, who has headed Saab since 1979. "It's now his (Helling's) company to run on a daily basis." The two men have worked closely together for 23 years, first at Volvo, then at Saab.

Helling will take over an operation that is trying to put an end to three years of sales bloodshed. Last week, Saab laid off 37 workers at its headquarters in an effort to adjust to lower volume. The company also gave itself a new name: Saab Cars USA Inc., to reflect its divorce from the Scania Truck Division earlier this year.

Helling Sinclair

The shakeup is the U.S. organi-

see SAAB, page 50

Ford's pre-intro '91 prices show hike of $581 on cars

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. announced pre-sell base prices on 1991 cars to its dealers last week. An *Automotive News* analysis shows that the prices are up an average of $581 or 3.89 percent over current stickers of 1990 or spring-launch 1991 models.

The analysis is sales-weighted, but it does not include adjustments for year-to-year equipment changes.

Price increases on 1991 Ford Division cars range from $271 on the Probe GT coupe to $1,048 on the Mustang LX coupe equipped with a 5.0-liter V-8. For Lincoln-Mercury, the range is $217 on the Cougar LS to $1,493 on the Mark VII Bill Blass coupe.

Fall prices for the imported Ford Festiva and Mercury Capri were not announced.

The company raised prices in June on all its cars except Ford Festiva, Escort and Probe and Mercury Tracer. That boost plus last week's hike equals

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ations off and running:
nds, the Big 3 and the UAW opened
ob security is the union's top priority,
's. Story on Page 2.

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Solar car race sparks engineering, financial ingenuity

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

WARREN, Mich. — They looked like fish. They looked like insects. They even looked a bit like ground-bound ultra-light aircraft. They did *not* look like automobiles.

But that is exactly what the sun-powered racers were that hummed and trembled across the finish line at General Motors' Warren, Mich., Technical Center last Thursday. There they ended a 1,625-mile odyssey/race that started in Florida on July 9.

The University of Michigan took first place with a total elapsed time of 72:50:47. Second place went to Western Washington University with a time of 74:10:06. Third was awarded to the University of Maryland with a time of 80:10:55.

"We won because we were reliable," said Jeff Pavlat, team group leader for the University of Michigan car's solar array. "We used a silicon sealer on our solar array so that we were waterproof and could run in the rain. The silicon reduced the efficiency of our array by 5 percent. But some of our closest challengers didn't make their arrays waterproof. There was lots of rain. And we were the only school to finish all 11 legs of the race."

Sponsored by General Motors, Chevrolet, the SAE and the U.S. Department of Energy, GM Sunrayce USA was conceived as an opportunity for students to convert class lessons into rolling reality.

But the race's greater goal is to inspire and encourage a new generation to pursue studies, and ultimately careers, in engineering and science — maybe even electric-car science.

Many automakers are examining quite closely the possibility of producing and marketing electrically powered vehicles. These models would be sold in areas of the country, like the Los Angeles Basin, where emission standards for combustion engines are fast approaching — or will soon exceed — the limits of practical technology.

Engineering students from 32 North American colleges conceived, tested and built cars that made the cross-country trip powered only by sunshine — what little of it there was.

Form follows function. The cars had to be sleek, light and super efficient. But because they were racing on public roads with different surfaces and possibly in foul

see SUNRAYCE, page 49

AUTOMOTIVE NEWS/JOE WILSSENS

Michael Koach applies a rustproof coating at the Tuff-Kote Dinol shop in New Baltimore, Mich. Business at rustproofing shops has declined as automakers have increased the length of their warranties.

Rustproofing business corroding

Improved metals, legal action eat away at dealer profit center

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

New high-tech factory anti-corrosion methods have beefed up vehicle sheet metal's strength against rust's brown bite.

It has also prompted carmakers to ask dealers to refrain from applying aftermarket rustproofing.

This factory resistance to rustproofing — and recent legal action in some states against dealers who rustproof without properly informing customers about factory protection — seriously threatens what has traditionally been a major profit center for new-car dealers, with gross profits typically as much as $100 per vehicle.

Five years ago, 7 million vehicles were rustproofed, representing a $1.4 billion industry, according to Ziebart Corp., but 1990 business may be only half that total.

And the roster of rustproofing's major players has been severely reduced. Since August 1988, Rusty Jones Inc. and Thermo-Guard Inc. — two big players — have filed for bankruptcy protection.

And Tuff-Kote's 130 stores were acquired by Ziebart — which now does about 10 percent of the total retail rustproofing business.

The receding rustproofing business has eroded dealer per-car profits at a time when new-vehicle profits are under terrific pressure.

"To many dealers, what they make on the aftermarket business is the difference between a profit and loss for the entire year," said Frank Soccorsi, national sales program manager for Ziebart.

see RUST, page 33

Toyota's robust U.S. sales expose need for new plant

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Surging U.S. demand is pushing Toyota Motor Co. ever closer to a likely decision: to build more North American factory space.

Toyota sold a record 521,346 cars and trucks in the United States during the first half of 1990, a 19 percent increase over the same period last year.

Although a growing number of those vehicles are being supplied by North American plants, Toyota's capacity is straining to keep pace.

The company's facilities in Georgetown, Ky., Fremont, Calif., and Cambridge, Ontario, will turn out about 376,000 cars this year. The California plant will add 100,000 units of pickup truck capacity next year.

In order to meet its plan to sell 1.5 million vehicles here annually by the mid 1990s — and to build half of them in North America — Toyota would need at least 275,000 additional units of capacity. That's about the yearly output of a typical U.S. assembly plant.

Even if Toyota wanted to rely on imports, it would be difficult. The carmaker's Japanese plants also have little spare capacity.

The commitment to a 750,000-unit North America production level was made earlier this year by Robert McCurry, executive vice president of operations for Toyota Motor Sales U.S.A. Inc.

Company officials acknowledge an increased need for new U.S. production. And there has been increasing speculation — within the company and externally — that a new plant will be announced.

AUTOMOTIVE NEWS / CHARLOTTE WINTER

Toyota's current North American plan is nearly played out:

- The Georgetown plant will build 216,000 Camry sedans this year — 16,000 more than straight-time capacity.
- Next year, Georgetown will add 40,000 more units of capacity to build Camry station wagons by 1992. But at the same time, Toyota Motor Co. has already announced plans to export 40,000 U.S.-built vehicles to Japan. Limited exports have begun from Kentucky and California to Taiwan.
- Both the Canadian plant and the California plant currently build Corollas. Canada recently increased capacity from 50,000 to

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LISTEN, BOB:

Experts tell new GM chairman to focus on quality, listen to customers and workers to ensure success

By Heather Hunt
CRAIN NEWS SERVICE

Stempel

When it comes to offering directions to General Motors, there's no shortage of backseat drivers. Advertising Age, *a sister publication to* Automotive News, *asked experts from different fields if they had any advice for Robert Stempel as he takes over as chairman Aug. 1.*

Ralph Nader, consumer advocate

"Take the technological skills of the company and apply them to engineering greater vehicle safety, fuel efficiency, pollution control and lower repair probabilities.

"Be more of a person-to-person executive. Make up for years of lost time and opportunities. Have meetings with consumer groups to reduce the isolation of the 11th floor."

"Approach Washington with a 'can do' attitude instead of the massive negativism of the General Motors of the 1980s. And stop lathering over Washington."

Al Ries, chairman of Trout & Ries, marketing strategists

"The biggest problem is your loyalty to Roger Smith. To get GM moving again, you have to change Smith's strategy.

"GM doesn't have a product problem; it has a positioning problem that can't be solved by introducing a raft of new models every year. GM has way too many models; every division has an entry-level car and a full line of regular models. This is the classic line-extension trap."

Peters

Tom Peters, co-author of *In Search of Excellence, Passion forExcellence* and *Thriving on Chaos*

"Double your pension and take early retirement.

"Seek a replacement from outside the industry; I suggest PepsiCo's Wayne Calloway, The Limited's Les Wexner, RJR Nabisco's Lou Gerstner or General Electric's Jack Welch. If you stay, move GM headquarters out of Detroit: Try Los Angeles or Atlanta.

"Hire Carl Sewell, president of Sewell Vil-

see ADVICE, page 49

Ford pays $100 million for 10% of Cummins

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

The $250 million investment by Ford, Tenneco and Kubota will also give Cummins a needed financial boost. The company suffered with the overall decline in the heavy-truck market in the late 1980s.

Ford Motor Co. made another move to become a bigger player in the medium- and heavy-truck industry last week by purchasing 10 percent of Cummins Engine Co. for $100 million.

Ford also acquired an option to increase its stake in Cummins to 20 percent in the future.

Tenneco Inc. and Kubota Corp., also purchased equity stakes in Cummins. Tenneco, . farm equipment, construction equipment and auto parts maker, purchased 10 percent. Kubota, a Japanese tractor maker, purchased 5.4 percent.

As part of the deal, Cummins signed a long-term agreement to supply engines for Ford's medium-duty trucks. Published reports indicated that eventually Cummins will supply all of Ford's medium-range engines. Cummins currently supplies 70 percent of Ford's heavy-duty diesel truck engines, or about 8,400 units annually.

Ford spokesman John Emmert would not comment on the company's future product plans.

The equity purchase also gives Cummins future business opportunities with Tenneco and Kubota. Cummins and Kubota plan to expand and strengthen their complementary diesel engine product offerings and plan to set up a joint venture to manufacture small diesel engines in Europe. Cummins already builds a generator designed by Kubota in the United States under a licensing agreement.

Cummins and Tenneco plan to expand their 50/50 joint venture to produce engines for Tenneco's J.I. Case farm equipment subsidiary.

Cummins is one of the few suppliers in which Ford owns a stake. Others are Mazda Motor Corp. (25 percent), which supplies Ford with vehicles, engines and transmissions; Kia Motors (10 percent), the Korean automaker that supplies Ford with the Festiva; and Ford Lio Ho (70 percent), the Taiwanese firm that imports and makes cars for that market.

Ford has until 1996 to increase its share of Cummins to 20 percent. Tenneco and Kubota do not have options to increase their shares.

The $250 million investment by Ford, Tenneco and Kubota will also give Cummins a needed financial boost. The company suffered with the overall decline in the heavy-truck market in the late 1980s and has sought to branch out into the medium- and light-duty markets. The company has restructured to reduce cost and increase efficiency. In the last three years, Cummins has closed a plant, laid off workers and sold its financial subsidiary for $45 million.

The equity position taken by the three companies in Cummins resulted in Moody's Investor Service reviewing Cummins' credit ratings for a possible upgrade.

Ford announced in April that it is discussing a joint venture with Fiat S.p.A. of Italy for heavy trucks. Emmert said the Cummins deal will not interfere with the ongoing talks with Fiat.

JUNE TRUCK SALES BY MANUFACTURER AND SEGMENT

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1990	TOTAL 1989
FORD	MO	134,884	2,680	0	505	2,415	1,161	141,645	127,641
	YR	710,942	14,475	0	2,525	13,776	6,909	748,627	760,806
FREIGHTLINER	MO	0	0	0	0	0	1,992	1,992	2,147
	YR	0	0	0	0	0	11,778	11,778	12,385
CHEVROLET	MO	113,397	0	13	514	539	0	114,463	112,782
	YR	658,829	0	150	3,503	3,504	0	665,986	663,898
GMC	MO	27,808	0	213	598	1,407	0	30,026	30,012
	YR	168,990	0	1,630	2,588	7,119	0	180,327	190,537
KENWORTH	MO	0	0	0	0	10	1,273	1,283	1,445
	YR	0	0	0	0	203	7,532	7,735	9,092
MACK	MO	0	0	0	95	127	1,536	1,758	2,413
	YR	0	0	0	670	894	7,943	9,507	12,861
MERCEDES-BENZ	MO	0	0	0	77	107	0	184	172
	YR	0	0	0	297	556	0	853	1,078
NAVISTAR	MO	0	13	12	850	2,738	2,569	6,182	7,313
	YR	0	27	63	7,110	14,748	14,071	36,019	40,532
PETERBILT	MO	0	0	0	0	26	950	976	1,369
	YR	0	0	0	0	249	6,180	6,429	8,403
VOLVO/GM HEAVY	MO	0	0	0	0	79	1,161	1,240	1,649
	YR	0	0	0	0	387	7,264	7,651	8,848
HINO	MO	35	0	52	76	94	0	257	217
	YR	180	0	240	317	535	0	1,272	1,162
NISSAN DIESEL	MO	57	0	85	62	52	0	256	171
	YR	368	0	484	256	276	0	1,384	1,159
ISUZU TRUCK	MO	307	45	34	75	38	0	499	512
	YR	3,133	369	205	1,225	310	0	5,242	4,288
MITSUBISHI FUSO	MO	223	0	62	28	47	0	360	289
	YR	989	0	368	135	301	0	1,793	1,730
SCANIA	MO	0	0	0	0	0	13	13	24
	YR	0	0	0	0	0	62	62	58
IVECO TRUCKS	MO	132	42	27	16	0	0	217	259
	YR	717	230	115	75	0	0	1,137	1,134
WESTERN STAR	MO	0	0	0	0	0	85	85	161
	YR	0	0	0	0	0	512	512	827
OTHER TRUCKS	MO	157,550	0	0	0	0	0	157,550	162,827
	YR	884,259	0	0	0	0	0	884,259	935,894
GRAND TOTAL, 1990	MO	434,393	2,780	498	2,896	7,679	10,740	458,986	451,403
	YR	2,428,407	15,101	3,255	18,701	42,858	62,251	2,570,573	2,654,692
1989 YR to DATE		2,388,840	13,902	3,302	20,290	48,828	75,973	2,551,135	

NOTE: Class 1-3 total includes light trucks sold by all makes other than those listed. Class 4-8 reported by Motor Vehicle Manufacturers Association.

Nissan's Irish joint venture to produce 400 trucks yearly

Nissan Diesel Motor Co. Ltd. of Japan will build 400 trucks a year in Ireland starting in 1992 in a joint venture with Ireland's Scania distributor and a Japanese trading company.

It is Nissan Diesel's first production venture in the European Community. In December, Nissan Diesel announced a joint venture with Iveco, the truck subsidiary of Fiat Auto S p.A., to develop a low-pollution diesel engine.

The Irish venture will build 3.5- and 4.0-ton trucks in a Dublin suburb. Although initial production of 400 trucks a year in 1992 is expected to be sold in Ireland, Nissan Diesel and its partners plan to export to continental Europe eventually. They also plan to build a larger truck.

The Saab-Scania distributor, West Ward Group, will be the exclusive sales outlet for trucks from the venture, named UD Ireland Ltd. West Ward will also provide service.

The light and medium commercial trucks, to be badged UD, will complement the heavy Scania trucks already sold by West Ward, said a Nissan Diesel spokesman.

The venture has started with investment of £500,000 ($905,000). Marubeni Corp., the Japanese trading company, owns 30 percent, and West Ward has 70 percent. In 1992, Nissan Diesel will invest an unspecified amount of money in the project, becoming a third partner.

Marubeni brings negotiating experience to the enterprise.

Ireland will contribute training grants worth about $11,700 for each of the 20 workers employed initially.

At the start, the UD trucks will have only 10 percent local content, made up of such parts as tires and batteries. Ultimately, the goal is for more than 60 percent.

Special Correspondent Aidan O. Sullivan in Dublin, Ireland, contributed to this report.

The new and the old

Overnite Transportation Co. of Richmond, Va., bought 80 WhiteGMC Integral Sleeper tractors to replace 80 1984-model Integral Sleepers that had racked up an average of 1.5 million miles in six years. Taking possession of one of the new tractors are, from left, Overnite's Dennis McCurry, maintenance vice president; A.W. Duke Jr., chief operating officer; and Thomas W. Boswell, chief executive officer. Turning over the truck were Eugene L. Tunila, Volvo GM executive vice president for manufacturing, and Terry Young, president of Southern WhiteGMC. The tractor on the right is the new model.

THANKS FOR THE MEMORY

When an automotive engine electronic controller malfunctions, it is typically removed and replaced by the auto dealer's service department. Future engine controllers, rather than being relegated to the scrap heap, may be diagnosed and returned to service at the auto dealership.

A new technology, known as 5V flash electrically erasable/programmable read only memory, allows automotive subsystems like engine and transmission controllers to be programmed or reprogrammed right in the vehicle. Once a proper network is put in place, dealers across the country could have the ability to download the latest engine specifications direct from the auto manufacturer's mainframe computer, right into the EPROM-based engine controllers of their customers cars.

Such a system could have far-reaching benefits to drivers. For example, a person relocating from Miami to Denver could have his car reprogrammed for maximum efficiency in high altitudes once he arrives in Colorado. Or a "software tuneup" could be made a part of every regularly scheduled maintenance visit to the local garage.

According to Texas Instruments Inc.'s Semiconductor Group in Dallas, which manufactures programmable memory devices, automakers are putting plans in place to convert to the new technology. The company expects flash memory-based engine controllers to appear in automobiles within the next two or three years.

MISFIRE DETECTOR EXTINGUISHES ENGINE PROBLEM

An inexpensive early-warning system, developed by engineering researchers at the University of Michigan, may one day protect drivers from an economic and ecological demon hidden under the hoods of their cars. The culprit is "silent" engine misfires which can cause costly and air-polluting catalytic-converter damage.

At a recent demonstration of the new U-M system in Ann Arbor, Mich, William B. Ribbens, associate professor of engineering and director of the university's vehicle electronics laboratory, said, "It's important to detect and correct the problems that cause misfires early because continuous misfires can damage catalytic converters which cost $400 to $700 to replace. When misfires occur, the average driver doesn't even notice. At most, the driver may be aware of a slight drop in acceleration."

According to Ribbens, typical causes of engine misfires include a poorly tuned engine, fuel-injector failure and ignition failure. Misfires occur when fuel is incompletely burned in the engine cylinder. Unburned fuel mixed with air passes into the car's exhaust system where it burns in the converter, causing temperatures to rise to damaging levels.

The U-M system is based on a magnetic sensor in the engine crankshaft that measures slight differences in engine speed (revolutions per minute) caused by combustion events. Based on rpm measurements, the sensor estimates the torque or turning force produced by each cylinder, which can be used to detect misfires through a method developed by U-M.

When one cylinder misfires, the sensor records the drop in torque and sends a signal, activating the dashboard indicator-light and notifying the driver to take the car in for service. Using the computer diagnostics feature, shop technicians can identify the misfiring cylinder and correct the problem.

Ribbens estimates the manufacturer's cost of the U-M system — complete with sensor, custom integrated circuit and associated software — to be about $10 per vehicle. U-M has applied for a patent on the system.

BOOK LEARNING AND SERVICE TRAINING GO HAND IN HAND

General Motors' automotive service educational program was an industry first when it was started by Delta College in University Center, Mich., in March 1980. Today the program is offered at 50 colleges and universities nationwide. Equally impressive, many auto companies now have service-technician training programs patterned after it.

GM's program is a two-year associate's degree program that prepares new service technicians for GM dealerships. Prospective students are sponsored by participating GM dealers. Students split time between the classroom and service department at their GM dealer sponsor.

The curriculum features courses not only in automotive technology and electronics, but also in math, reading and communication skills. GM helps train the college instructors and monitors school performance. The company also provides instructor updates, new vehicles, components and diagnostic equipment to keep prospective technicians abreast of the latest advancements.

AUTO CHEMICALS DEMAND TO NEAR $4 BILLION BY '94

North American automotive chemicals demand will increase 5 percent a year in the period 1989 through 1994 to $3.8 billion, according to a business research report produced by The Freedonia Group Inc. in Cleveland.

Other key conclusions in the report, entitled *Automotive Fluids and Chemicals*, are that a growing and aging vehicle stock, a proliferation of improved products and the growing prevalence of fuel injection will continue to stimulate demand for automotive chemicals; that factors moderating growth will be trends toward smaller engines and the introduction of better-performing, longer-lasting products; that appearance chemicals will remain the fastest-growing industry segment, spurred by slower motor-vehicle turnover and more convenient products with superior performance characteristics; and that automotive chemical demand will slightly lag growth in motor vehicles in use due to improved formulations and technological changes.

Maintenance chemicals will experience growth of nearly 6 percent annually to $620 million in 1994, based upon a large and aging vehicle stock, more convenient products and high new-car prices. Total demand for additives will increase 6.7 percent annually to $460 million.

Functional chemicals will remain the largest ($2.4 billion) but slowest-growing segment of the automotive chemicals industry as a result of improved, longer-lasting products and downsized automobiles requiring reduced quantities of chemicals. Motors oils and antifreeze/coolants will remain the dominant automotive fluids due to their frequency and ease of use. Auto lubes growth will result from continued demand for manual transmissions and applications such as door/hinge greases.

North American Automotive Chemicals by Market (million $)

	1989	1994	2000	% Annual Growth '89-'94
Do-It-Yourself	1,431	1,820	2,375	4.9
Professional	1,342	1,730	2,280	5.2
Orig. Equip. Mfgrs.	209	250	295	3.6
TOTAL	**2,982**	**3,800**	**4,950**	**5.04**

Competing against teams from 49 other states, California's Nathan Griffin, 17, kneeling at left, and David Fellows, 18, kneeling at right, of Morrow Bay High School, won first place in the Plymouth/American Automobile Association Trouble Shooting Contest in Washington. Each will receive a $2,500 scholarship and other prizes. Their instructor is Gary Villa, center. The trophy was presented by George Giek, left, director of AAA automotive engineering, and Lou Bitonti, national merchandising manager for Plymouth.

FEDERAL-MOGUL OBTAINS DAMAGES IN CALIFORNIA COUNTERFEITING SUIT

Federal-Mogul Corp. in Southfield, Mich., on June 5 announced a settlement was reached in a civil lawsuit the company brought against an automotive parts distributor for the passing off of automotive parts in counterfeit packaging.

The settlement in U.S. District Court for the Eastern District of California calls for the distributor, doing business as Mid-Valley Industrial Inc. and Hust Bros. Inc., both in Marysville, Calif., to pay Federal-Mogul damages in an amount described as in the "six-figure range."

Mid-Valley is owned by Sondra Lanza, and Hust Bros. by Roy Lanza. Both companies are operated by Roy Lanza. The Lanzas, along with their companies, were named as defendants in the suit.

The lawsuit resulted from the discovery by Federal-Mogul at a Lodi, Calif., auto parts store of thousands of counterfeit boxes containing oil seals not manufactured by Federal-Mogul. The store's owner had attempted to return most of the counterfeit-packaged oil seals, which were of substandard quality, to Federal-Mogul for credit toward updated inventory. In addition, counterfeit-packaged parts were stocked on the store's shelves for sale to customers.

Under deposition, the store's owner testified that the counterfeit packaging and seals were sold to him by Roy Lanza. At the Lanza operation, federal marshals confiscated tens of thousands of counterfeit oil-seal boxes which had been printed without authorization from Federal-Mogul. Lanza admitted that non-Federal-Mogul parts packaged in look-alike Federal-Mogul boxes had been shipped to his own retail stores and other stores for sale to parts installers and end users. Many of the parts were discontinued lines from other manufacturers and had been bought at auction.

In filing the lawsuit, Federal-Mogul cited violations of U.S. trademark laws, Federal Unfair Competition in violation of the Lanham Act, and State Unfair Competition in violation of the California Business and Professional Code and California Common Law Unfair Competition. The Lanzas and their companies admitted to counterfeiting and unfair competition as charged in the complaint.

No criminal charges were filed. However, criminal penalties can include up to five years in prison and fines of up to $250,000 for individuals and $1 million for businesses dealing in counterfeit goods.

Good Help Is Hard to Find

Survey reveals smaller labor pool, few qualified women in field

By: Al Fleming

Finding, hiring and firing technicians are all part of the day in-day out job of dealership service managers. The service department is his ship and he is the captain.

That's the way it was in the past, that's the way it is today and that's the way it is likely to be in the future, according to the 1990 *Automotive News* survey of dealer service managers.

Asked who hires technicians in their service departments, 87.4 percent of respondents said they do. That is down 4.3 percentage points from last year, but pretty much in the same area as previous surveys when figures ranged from 87.6 percent (1985) to 92.3 percent (1988).

However, the survey also shows that dealership owners are playing a more prominent role in hiring service help this year, while dealership managers are participating less.

According to the survey, 18.9 percent of dealership principals currently are taking part in calling the shots on new hires in their service shops. That is an all-time high and 5.3 percentage points above last year.

The rise in hiring participation by dealership owners reflects a tighter grip by owners on controlling operations in a difficult period of falling sales and profits.

At the same time, service-department hiring by dealership managers fell to 2.5 percent this year from 8.3 percent last year, and represented a low point for them.

Around the country, survey statements by service managers regarding hiring practices leave little doubt who they believe is most qualified to handle that task in their domains. Examples:

- Wichita, Kan.: "The service manager has the hands-on experience. He knows the department needs better than anyone. He's most qualified to do the hiring."
- Charleston, S.C.: "Only I, as service manager, know what I want and where to get it. The service people work for me, not the owner or sales manager."
- Galveston, Texas: "I'm the most qualified to interview technicians. I know a good one when I see one — usually."

But how about finding service help? Is it any tougher or any easier to find competent service technicians in 1990 than it has been in recent years.

The survey indicates skilled people are still plenty tough to come by. Of service managers surveyed, 67.3 percent said it is more difficult to find competent help today than it was a year ago.

There are a number of reasons why getting qualified people remains difficult: There simply are not enough skilled mechanics, particularly with computer and electronics knowledge, to meet demand; the pace of vehicle and service technology is outrunning the pace of training people; and other industries are competing for skilled personnel by offering higher pay and greater benefits.

This hardly bodes well for auto dealerships and the motoring public as vehicles become more electronically sophisticated.

"It's hard to find skilled people who can keep up with today's technology," said a service manager in a Chicago suburb. "You can get less-qualified people, but not enough who are properly schooled and trained. Believe me, good technicians are not walking the streets. Only the bad ones are, and the thieves and crooks."

A service manager in Rochester, N.Y., said, "In my county, there were 6,350 high-school grads in 1985. In the same county in 1990, there were less than 3,200 grads. There's a shrinking labor pool here."

One in Sacramento, Calif., said, "It's hard to find a dedicated technician who will keep abreast of new-car changes and attend technical training programs. We need them because vehicles are more complicated. There's more electronics. But it seems more technicians are leaving the field than entering it."

A service manager in Salem, Ore., put another spin on the subject. "We now drug-test for all new hires, and it's cutting down the number of available applicants," he said.

Meantime, while women car ownership is climbing and females are finding successful careers in many businesses and industries, the auto service bay remains a male's haven.

Only 3.8 percent of service managers surveyed said they have women on their payrolls. The dearth of female mechanics, the survey suggests, boils down to one key reason: There are very few qualified female applicants for auto-service jobs.

A service manager in Sioux City, Iowa said, "I think they could do the work, but there doesn't seem to be any interest by women. I have never had a woman apply. If a qualified woman would apply, I would hire her."

One in Pierre, S.D., said, "Women I've interviewed are interested in automotive careers, but not in repairing vehicles. I have no objections to employing women, but I haven't had any experienced applicants."

One in Wausau, Wis., said, "We have women working in our clean-up department, but there are no trained women technicians in this area that I'm aware of. At least, I haven't found one. I'd take them if I could get them."

Another in Rutherford, N.J., said, "I have had them in the past and expect to have them in the future. I have no problem with them, but I've never yet found one really interested in this field. If a woman were qualified, I'd look at her on the same basis as a man."

But there also are gripes by service managers who have had unhappy experiences.

"I've tried women. They whine too much. They're absent too much. They lower shop productivity, and the male technicians harass me about it," said a service department director in Asheville, N.C.

Another in New Orleans said, "The women complained that we don't have space for a separate dressing room."

Without a doubt, the service department is still a man's world. □

Automotive News Survey of Dealer Service Managers

Note: Figures indicate percent of total responses for each question, each year; in some cases, totals do not add to 100 percent because either multiple responses to a question were given or no response was given. Blank areas indicate questions that are new to that year's survey.

Question 1: What do you consider the business outlook to be for the automobile market in general and your dealership specifically for the next two years?

	Automobile Market 1990	1989	1988	1987	1986
Improve	36.5	34.1	44.3	50.0	61.2
Same	36.5	38.6	39.2	27.9	32.6
Worse	23.3	23.5	12.4	22.1	6.2
	Dealership 1990	1989	1988	1987	1986
Improve	62.9	74.2	78.4	74.3	88.0
Same	24.5	17.4	16.5	20.0	8.0
Worse	6.9	6.1	1.5	5.7	4.0

Question 2: Do you, as a service mnager, feel that your service department offers a potential for increased profits in the future?

	1990	1989	1988	1987	1986
Yes	92.5	95.5	94.8	94.4	98.0
No	5.7	3.0	5.2	5.6	2.0

Question 3: Do you feel that your dealership management believes the service department offers the potential for increased profits in the future?

	1990	1989	1988	1987	1986
Yes	88.7	95.5	92.8	90.0	96.0
No	8.2	1.5	6.2	10.0	4.0

Question 4: Do you, as a service manager, believe your dealership is spending enough on advertising and promotion to improve your service business?

	1990	1989	1988	1987	1986
Yes	67.9	65.9	67.5	62.5	74.0
No	28.9	33.3	30.4	37.5	26.0

Question 5: Who hires the service technicians in your service department?

	1990	1989	1988	1987	1986
Dealership owner	18.9	13.6	11.3	18.1	15.5
Dealership manager	2.5	8.3	5.7	2.7	2.9
Service manager	87.4	91.7	92.3	91.7	88.9
Other	1.3	9.8	10.8	—	—

Question 6: Compared to last year, finding competent service technicians today is:

	1990	1989	1988	1987	1986
Less difficult	6.9	4.5	3.1	—	—
Same	25.2	22.7	23.7	—	—
More difficult	67.3	71.2	71.1	—	—

Question 7: Do you have women service technicians?

	1990	1989	1988	1987	1986
Yes	3.8	1.5	5.2	—	—
No	96.2	98.5	92.3	—	—

Question 8: When your dealership buys new service equipment and services, are you involved?

	1990	1989	1988	1987	1986
Yes	96.2	97.0	96.4	100.0	100.0
No	2.5	2.3	3.6	0.0	0.0

If yes, which one statement below best describes you involvement?

	1990	1989	1988	1987	1986
Originate purchase request	54.1	59.8	57.6	53.5	62.0
Approve makes(s) selected	13.2	9.4	7.6	9.4	8.0
Negotiate terms	6.9	5.0	2.1	1.7	2.8
Give advice on needs	22.6	20.8	19.2	22.2	18.0

Question 9: Does your dealership plan to buy any service equipment this year?

	1990	1989	1988	1987	1986
Yes	60.4	49.2	58.8	59.2	55.0
No	37.7	46.2	38.1	40.8	45.0

If so, what type?

	1990	1989	1988	1987	1986
Tuneup	5.9	5.4	15.8	30.9	24.5
Wheel alignment	9.3	9.6	31.6	21.4	26.4
Wheel balance	2.5	2.3	12.3	14.3	11.8
Brakes	3.8	6.9	15.8	11.9	7.1
Transmissions	2.5	2.7	2.7	2.5	2.9
Engine overhaul	2.1	3.1	1.8	3.5	3.7
Refinishing	2.5	4.6	4.0	4.5	1.8
Frame-body straightening	0.3	0.2	0.7	1.1	0.8
Computerized diagnostic (console)	15.7	17.7	19.7	—	—
Computerized diagnostic (hand held)	9.3	6.2	9.3	—	—
Other	18.2	21.5	25.4	26.6	30.0

Question 10: Are 1990-model cars more profitable to service than those of previous years?

	1990	1989	1988	1987	1986
Yes	9.4	8.3	8.2	12.5	13.7
No	41.5	37.9	43.8	40.3	50.9
Same	47.2	52.3	46.4	47.2	35.4

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Calling the Shots

When it comes to buying equipment managers still have the last word

By: Al Fleming

When it comes to purchasing new tools, equipment and machinery for auto dealership shops, service managers are right in the thick of things.

Only 2.5 percent of those surveyed by *Automotive News* said they are not involved in the acquisition of service equipment. That is similar to last year's response (2.3 percent).

More than 96 percent said they participate in buying new equipment, also similar to last year (97 percent).

What's more, service managers are in an equipment-buying mood this year, more so than any time since the mid-1980s, with 60.4 percent saying their dealerships plan to go shopping for service equipment this year. That is up from 49.2 percent a year ago, but down slightly from the peak purchasing-intent year of 1985 (61.5 percent).

Computerized diagnostic equipment heads the list of requirements this year. Of service managers surveyed, 25 percent said they are in the market for this kind of equipment; 15.7 percent said they planned to buy console-type diagnostic units; and 9.3 percent listed hand-held types.

So much for spending money. How about making some? What's the profit outlook for 1990? Are 1990 model cars more profitable to service and repair than those of previous years? And are they more difficult to service than cars of the 1980s?

Of those surveyed, only 9.4 percent said 1990 models are greater profit generators in the service bay than cars of the past; 41.5 percent said they are less profitable, 47.2 percent said they are the same.

What's the problem?

"Electronic diagnostics have not kept up with vehicle electronics," said a service chief in Phoenix. "Manufacturers are late in releasing information. That means diagnosis is more difficult and more diagnostic time is required."

However, another in Lynn, Mass., said, "The newer the car, the more profitable because of the length of warranty periods. It's good business."

Noted a service manager in Boise, Idaho: "We're not having any difficulty with servicing GM products because technically they have changed very little in the past 2-3 years. We are working on the same engines and transmissions with the same scheduled maintenance recommendations."

A Santa Ana, Calif., service manager said, "New cars are less profitable. Service intervals have lengthened, the required services have been decreased, and the complexity of repair makes it more difficult to beat flat-rate times. Vehicle computerization and the complications added by smog regulations have created an electronic nightmare. Although we are finally getting diagnostic equipment and the training to go along with it, there will still be lag times before all technicians are up to speed."

From other parts of the country came these observations:

Provo, Utah: "Today's new cars are too complex to service properly while trying to stay competitive with the mass merchandisers. Cars are becoming electronic toys. It's even too difficult to speedily reach some components."

New Orleans: "The '90 cars are more profitable. It's becoming easier to diagnose problems, and prices for parts and labor are rising. Better equipment makes up

Continued from page 10i

Question 11: Are 1990-model cars more difficult to service than those of previous years?

	1990	1989	1988	1987	1986
Yes	48.4	37.1	40.7	—	—
No	21.4	25.8	25.3	—	—
Same	30.2	36.4	33.0	—	—

Question 12: How many hours per week is your service department open?

	1990	1989	1988	1987	1986
Less than 45 hours	16.4	20.5	12.9	11.1	18.0
45 to 50 hours	40.3	43.9	38.7	54.2	60.0
51 to 55 hours	20.5	15.9	22.7	20.8	14.0
56 to 60 hours	14.5	11.4	11.9	9.7	6.0
More than 60 hours	8.8	8.3	13.9	4.2	2.0

Question 13: How many employees are there in your service department including parts and service personnel?

	1990	1989	1988	1987	1986
1 to 10	26.5	29.5	23.2	25.0	28.0
11 to 20	33.4	34.1	32.0	27.8	18.0
21 to 30	10.1	10.6	15.5	33.4	36.0
31 to 40	14.5	13.6	11.3	6.9	8.0
More than 40	13.7	12.1	17.5	6.9	10.0

Question 14: What is your most profitable service operation?

	1990	1989	1988	1987	1986
Tuneup	30.2	39.4	37.6	50.7	24.0
Wheel alignment	9.7	15.2	12.9	14.5	6.6
Wheel balance	4.5	4.5	8.2	8.7	4.0
Brakes	24.1	28.0	32.0	34.8	25.3
Transmissions	15.0	22.0	13.9	15.9	6.6
Engine overhaul	7.0	15.2	9.8	10.1	13.3
Rustproofing	2.5	3.8	12.9		
Body shop	5.5	7.6	10.3	11.6	9.3
Other	29.1	20.5	14.9	13.0	10.6

Question 15: How much of the following contribute to your service profits?

1990	Significantly	Some	None
New car warranty work	38.4	53.5	4.4
Extended service contracts	31.4	61.0	3.1
General customer drive-in	64.2	32.1	0.0
Special service packages	45.9	40.9	7.5
1989	**Significantly**	**Some**	**None**
New car warranty work	37.9	56.8	1.5
Extended service contracts	25.0	65.2	6.8
General customer drive-in	77.3	21.2	0.0
Special service packages	40.2	51.5	4.5
1988	**Significantly**	**Some**	**None**
New car warranty work	41.2	50.0	7.2
Extended service contracts	36.1	56.2	3.6
General customer drive-in	73.6	23.8	0.0
Special service packages	38.7	46.9	7.7
1987	**Significantly**	**Some**	**None**
New car warranty work	40.3	54.2	5.5
Extended service contracts	34.3	62.9	2.8
1986	**Significantly**	**Some**	**None**
New car warranty work	40.8	48.9	10.2
Extended service contracts	27.0	66.6	6.4

Question 16: Do you subcontract service work to specialists for jobs involving high-tech repair?

	1990	1989	1988	1987	1986
Yes	53.5	41.7	—	—	—
No	45.3	58.3	—	—	—

Question 17: Has your shop had any difficulties with today's high-tech basecoat/clearcoat paints?

	1990	1989	1988	1987	1986
Yes	40.3	40.2	—	—	—
No	56.0	53.8	—	—	—

Question 18: Does your service department offer quick lube/oil change service?

	1990	1989	1988	1987	1986
Yes	44.0	47.7	—	—	—
No	55.3	50.0	—	—	—

Question 19: If not, does it plan to in the near future?

	1990	1989	1988	1987	1986
Yes	20.8	50.0	—	—	—
No	77.2	48.5	—	—	—

Question 20: Does your service department offer detailing to customers?

	1990	1989	1988	1987	1986
Yes	50.9	65.9	—	—	—
No	48.4	32.6	—	—	—

Question 21: If not, does it plan to in the near future?

	1990	1989	1988	1987	1986
Yes	8.8	7.0	—	—	—
No	91.2	93.0	—	—	—

Question 22: What is your age?

	1990	1989	1988	1987	1986
18 to 24	1.3	1.5	2.1	2.9	4.0
25 to 29	3.8	13.6	8.8	9.7	16.0
30 to 34	15.1	13.6	18.6	15.3	16.0
35 to 39	28 9	21.2	20.6	26.4	26.0
40 to 44	20.1	19.7	18.6	20.8	16.0
45 to 49	10.7	14.4	12.9	8.3	10.0
50 to 54	6.3	9.8	8.8	6.9	2.0
55 to 59	6.3	2.3	5.7	6.9	4.0
60 to 64	7.5	3.0	2.1	1.4	6.0
65 or over	0.0	0.0	1.0	1.4	—

Question 23: Before becoming a service manager at your present or at any other dealership what type of job did you have?

	1990	1989	1988	1987	1986
Write-up man	44.0	34.8	34.2	30.6	24.6
Mechanic	27.0	49.2	51.0	43.4	43.4
Parts manager	9.4	15.2	21.1	7.3	8.6
Other	18.9	34.1	37.1	18.7	23.4

Question 24: How many years have you been a service manager (including time spent at previous dealerships)?

	1990	1989	1988	1987	1986
1 to 3	24.0	26.5	24.9	20.8	19.6
4 to 7	25.0	23.5	19.7	19.4	33.3
8 to 11	17.0	23.5	22.3	26.4	17.6
12 to 15	5.7	9.8	12.4	13.9	5.8
16 to 19	10.7	5.3	8.8	8.4	9.8
20 or more	17.0	10.6	11.9	11.1	13.9

Question 25: What was your total compensation last year for being a service manager?

	1990	1989	1988	1987	1986
Less than $15,000	0.0	3.0	0.5	2.7	4.1
$15,001 to $19,999	5.0	5.3	3.1	11.3	4.1
$20,000 to $24,999	8.8	6.8	11.9	14.1	18.7
$25,000 to $29,999	13.2	12.9	11.3	7.0	10.4
$30,000 to $24,999	13.8	14.4	12.9	9.9	8.3
$35,000 to $39,999	9.4	9.1	12.9	12.7	20.8
$40,000 to $44,999	11.3	10.6	9.8	11.3	14.5
$45,000 to $49,999	9.4	7.6	5.7	9.9	6.2
$50,000 or more	27.0	26.5	25.8	21.1	12.5

Question 26: What was your total compensation for being a service manager based on?

	1990	1989	1988	1987	1986
Salary only	13.2	15.2	12.9	15.3	9.4
Salary + overtime	0.0	0.8	0.0	0.0	1.8
Salary + bonus	40.3	34.1	42.8	31.9	26.7
Salary + incentive	39.0	35.6	30.9	41.7	43.6
Salary + stock	0.3	1.5	0.0	1.4	—
Salary + other	6.3	11.4	11.3	9.7	18.5

Question 27: Do you believe your salary and benefits are commensurate with your experience?

	1990	1989	1988	1987	1986
Yes	57.9	56.8	62.9	50.0	48.9
No	39.6	40.9	33.0	50.0	51.1

for the greater complexity of new cars."

South Bend, Ind.: "Less maintenance requirements are reducing profit opportunities. The general public views vehicles as maintenance-free. You must work smarter with each new-car buyer to explain preventive maintenance."

Bayonne, N.J.: "Much of our work is warranty-related. That's less profit for more work. On the other side, new cars are harder for do-it-yourselfers to work on, and we have the advantage of high-tech equipment and training."

The survey indicates an upward trend by dealership service managers in subcontracting out high-tech repair jobs to specialists. This year, 53.5 percent said they ship out various kinds of work, compared to 41.7 percent last year.

"We remove and send out clusters for repair — audio systems, clocks, etc.," said a service director in Wilmington, Del. "We don't do enough dashes to make servicing them profitable in-house."

One in Great Falls, Mont., said, "At present, we have no four-wheel alignment equipment. We also send out instrument clusters and radios. We are not equipped to repair them, nor does the factory offer training."

However, a service manager in Jacksonville, Fla., said, "All work is performed at our dealership. One of our mechanics is John Adams, Toyota's two-time national-champion master technician."

More than 40 percent of those surveyed — the same as last year — said they are having difficulties with high-tech basecoat/clearcoat paints on cars.

"I think a lot of it has to do with not getting proper training," said a service manager in Houston. "Sometimes the factory comes out with new paints and procedures, and we aren't ready for them. The colors are tough to match. That creates problems."

One in Boise, Idaho, said, "Our body-shop, personnel have all received extensive factory training. The only coatings we have trouble with are the pearl colors used by Cadillac Allante. It often takes several tries to get a good match."

According to the survey, tune-ups continue to be the most-profitable service operation. Rounding out the top five profit-makers are transmission work, brake service and repair, wheel alignment and engine overhauls.

New-car warranty work and extended service contracts continue as moderate contributors to dealership profitability, while business from general customer drive-in is declining, and income from special service packages is rising.

Of those surveyed, 64.2 percent said general customer drive-in contributes significantly to profits. That is down considerably from 77.3 percent in 1989 and 73.6 percent in 1988.

However, 45.9 percent said special service packages and promotions are significant contributors to profits. That is up from 40.2 percent last year and 38.7 percent in 1988.

Exactly 44 percent of those surveyed said their dealerships offer quick lube/oil change service, down a bit from 47.7 percent last year.

Those who do not offer this service were asked if they plan to adopt it in the near future. Only 20.8 responded affirmatively, down from 50 percent last year.

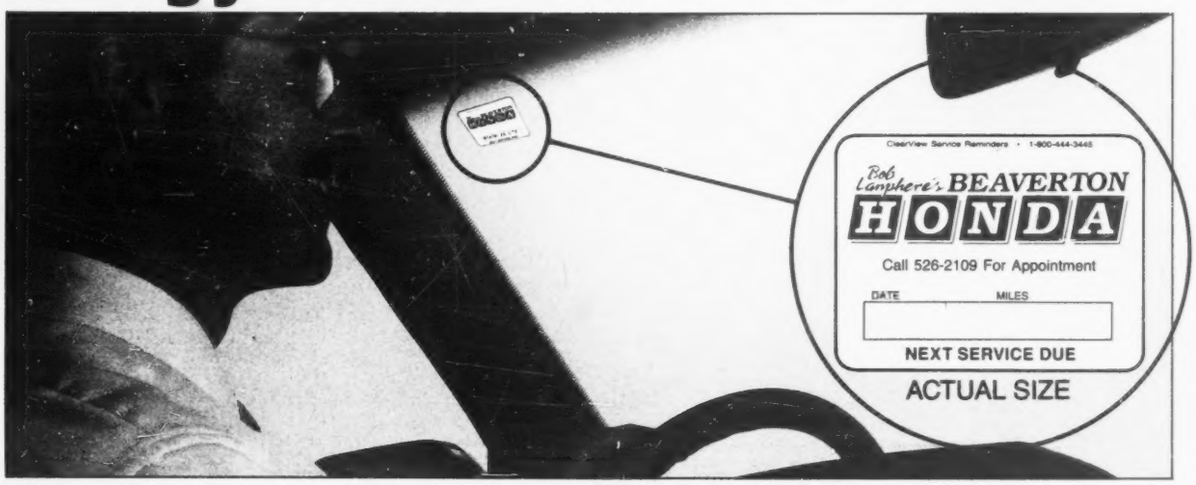
Regarding the practice of "detailing" — painstaking cleaning and polishing of vehicles, for which customers are charged upwards of $100 — 50.9 percent of service managers said they offer it. That is down from 65.9 percent last year.

Only 8.8 percent of those who do not offer the special service said they intend to do so in the near future. □

JOE WILSSENS

Gregg Kamsickas, driveability mechanic at Dick Huvaere's Richmond Chrysler-Plymouth-Dodge, hooks up a computerized analyzer to diagnose an engine.

Bring your customers back on time...



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I understand that there are no shipping or other charges and that my ***satisfaction is guaranteed.***

☐ I've enclosed my check for $_____.
☐ Please bill me. My purchase order # _____ (required).

Quantity	1,000	2,000	3,000	5,000	10,000
Price-per-reminder	15¢	11¢	9¢	7¢	6¢
Your cost	$150	$220	$270	$350	$600

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ClearView Service Reminders 1-800-444-3445
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NEXT SERVICE DUE

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Please check a color.
☐ Blue ☐ Dark Blue
☐ Black
☐ Other _____

X _____
PRINT YOUR NAME

Circle ReaderService #43

ON ICE: *National TV viewers won't see Capri spots until L-M builds supplies of in-demand ragtop*

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

To make sure their ads don't reach the market before the product is in adequate supply, Lincoln-Mercury is holding release of its national television ads for its 1991 Mercury Capri until mid-August. The car officially went on sale July 19.

While print ads debuted in national magazines last week, and movie goers will see the car when a specially made commercial breaks in movie theaters this Friday, the television ads will roll out Aug. 13.

L-M is delaying the television spots because they have only 3,000 of the Australian-made vehicles in dealer stock.

In 1985, when L-M introduced its now-defunct Merkur brand, the car was heavily advertised before it was readily available. Many dealers felt that limited availability crippled the launch and helped contribute to its demise.

Consumer interest in Capri is high and dealers have ordered 40,000 cars, said Ian McAllister, L-M general marketing manager.

"Dealers report heavy traffic as a result of (stories in) the buff books," said McAllister.

Last week, there were 3,000 Capris in dealer stock. Another 4,500 are expected to arrive by boat by the time the television ads break. McAllister said the campaign's media schedule will be stepped up considerably from that time through September.

Because the cars are in limited supply, regions where small specialty cars like Capri do well will get them first.

McAllister said dealers in the northeast will have first dibs on the cars because of that area's limited convertible-driving season. Dealers on the East and West Coasts and in the Atlanta areas will get cars soon after.

L-M is concentrating its marketing efforts on more than a dozen major cities, including Detroit, Los Angeles, Philadelphia, Dallas, Houston and New York.

The marketing campaign is aimed squarely at buyers under age 30 with an average income of $35,000, said McAllister.

The four television commercials feature a red Capri on a simple white background with animated graphics. One, entitled "Man in Box," stars a "stick man" who breaks out of his box to get behind the steering wheel of a Capri, all to music reminiscent of the 1960s. Another, "Steel Bikini," features the car on a beach blanket soaking up sunshine.

McAllister said the ads are a "very light-hearted way of presenting the product" and are designed to convey that Capri is fun to drive.

In addition to the television and print campaigns, L-M is hoping to tie in to the summer movie craze. Starting July 27, a commercial entitled "Breaking Up" will be shown in about 1,000 Screenvision Cinema movie theaters around the country.

The 60-second spot portrays a young couple ending a romantic relationship. It closes with the woman laughingly riding off in her red Capri convertible. The commercial is so low-key, it is not obvious that it is an ad until the words "Mercury Capri" appear.

The theater ads run until Aug. 23. McAllister said the ads will not appear with movies whose content is offensive to many audiences. Otherwise, L-M has no control over which movies the commercials will be paired with, he said.

He believes the theater is an "excellent place to reach the young audience" that Capri has targeted. "It provides a story that is of interest before you know it's an ad."

McAllister declined to disclose the Capri ad budget. *Advertising Age*, a sister trade publication to *Automotive News*, estimates the figure to be $20 million.

Print ads for the Capri, which officially went on sale July 19, debuted in national magazines on July 16. Lincoln-Mercury is further supporting the campaign with a specially made commercial for movie theaters as well as with billboards and brochures for dealers.

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Circle ReaderService #23

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Circle ReaderService #24

Trucks lead the way as U.S. sales rise

By Karen Detkowski
AUTOMOTIVE NEWS STATISTICIAN

Early July sales of 254,486 domestic cars and trucks rose 2.69 percent above 1989. Trucks, with an increase of 5.61 percent, accounted for most of the gain. Car sales were up 0.91 percent.

Sales of U.S.-built cars totaled 155,213, the highest for July 1-10 since 1987 when 165,910 were sold.

Trucks added 99,273 units to the early-July sales total.

The July 1-10 period had seven selling days in both 1990 and 1989.

Among the Big 3, gains by General Motors and Ford Motor Co. offset a 16.27 percent decline in Chrysler Corp. car and truck sales.

GM's car-truck sales advanced 6.73 percent in early July.

Chevrolet, Cadillac and Oldsmobile posted car gains, and Chevrolet and GMC notched truck advances. Truck sales were up18.16 percent; cars rose 0.94 percent.

Ford Motor Co.'s total vehicle sales increased 2.82 percent over the year-ago period. Light-trucks were the strong suit with a 6.09 percent increase; cars posted a gain of 0.60 percent.

Lincoln sales continued strong with an early-July increase of 29.60 percent. Mercury sales rose 4.04 percent with gains for Sable and Grand Marquis, while Ford Division slipped 3.84 percent. Escort, Mustang and Taurus sales dropped.

Big 3 combined car and truck sales of 235,940 units in the early-July period were 1.24 percent ahead of 1989.

Four of the five Japanese transplants reported year-to-year sales gains in the July 1-10 period.

Nissan reported the only loss. Its total car-truck sales were off 28.84 percent from last year.

Honda's domestic sales rose 13.50 percent above the comparable period last year, and Mitsubishi Eclipse sales were 8.24 percent above the 1989 period.

Mazda's sales nearly tripled this year, but Mazda now builds both the MX-6 and 626 in the United States. The 626 was not assembled in this country a year ago.

Toyota's domestic-car sales continue to rise. Sales of Camrys and Corollas tripled. The total was 4,930, compared to 1,694 last year.

July 1-10 brought sales of 304 U.S.-built Subaru cars and 79 U.S.-built Isuzu trucks.

So far this year, 3,721,290 U.S.-built cars have been sold, 3.15 percent or 120,942 units below 1989.

Transplants account for 14.63 percent of total car sales to date this year, up from 9.83 percent a year ago. Part of the increase is due to new lines of cars and higher production at plants that were in the startup phase a year ago.

With seven selling days in the July 1-10 period, 36,355 cars and trucks were sold per day, compared to 35,403 in the 1989 period.

10-DAY SALES

DOMESTIC BUILT

	July 1-10, 1990	July 1-10, 1989
CARS		
Eagle	1,166	1,013
Chrysler	5,737	4,440
Dodge	5,744	9,059
Plymouth	3,961	5,937
CHRYSLER MTRS.	**16,608**	**20,449**
Ford	32,932	34,248
Lincoln	5,486	4,233
Mercury	8,841	8,497
FORD MOTOR	**47,259**	**46,978**
Buick	10,072	12,513
Cadillac	5,005	4,148
Chevrolet	36,320	33,747
Oldsmobile	11,470	11,414
Pontiac	12,136	12,482
GENERAL MTRS.	**75,003**	**74,304**
HONDA	**7,517**	**6,623**
MAZDA	**1,154**	**414**
MITSUBISHI	**775**	**716**
NISSAN	**1,663**	**2,639**
SUBARU	**304**	**—**
TOYOTA	**4,930**	**1,694**
U.S. CAR TOTAL	**155,213**	**153,817**
TRUCKS		
Chrysler	53	49
Dodge	10,604	11,102
Jeep	4,126	6,105
Plymouth	3,936	4,488
CHRYSLER MTRS.	**18,719**	**21,744**
FORD MOTOR	**33,917**	**31,969**
Chevrolet	33,923	30,445
GMC	9,223	7,160
Oldsmobile	602	—
Pontiac	686	—
GENERAL MTRS.	**44,434**	**37,605**
ISUZU	**79**	**—**
NISSAN	**2,124**	**2,683**
U.S. TRK. TOTAL	**99,273**	**94,001**
U.S. CAR-TRUCK TOTAL	**254,486**	**247,818**

There were 7 selling days in the period this year and 7 last year.

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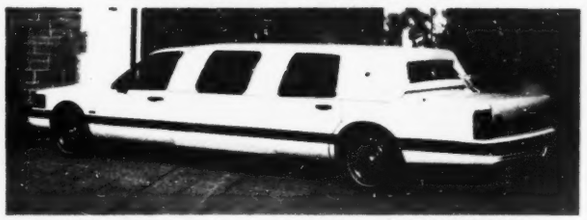

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Circle ReaderService #25

Trooper, Ford van get poor marks

Head injuries 'likely' in head-on 35-mph crash, NHTSA says

By Diana T. Kuryiko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The latest government crash tests show that drivers and front-seat passengers in an Isuzu Trooper II or Ford Club Wagon van would likely sustain head injuries in a head-on collision at 35 mph.

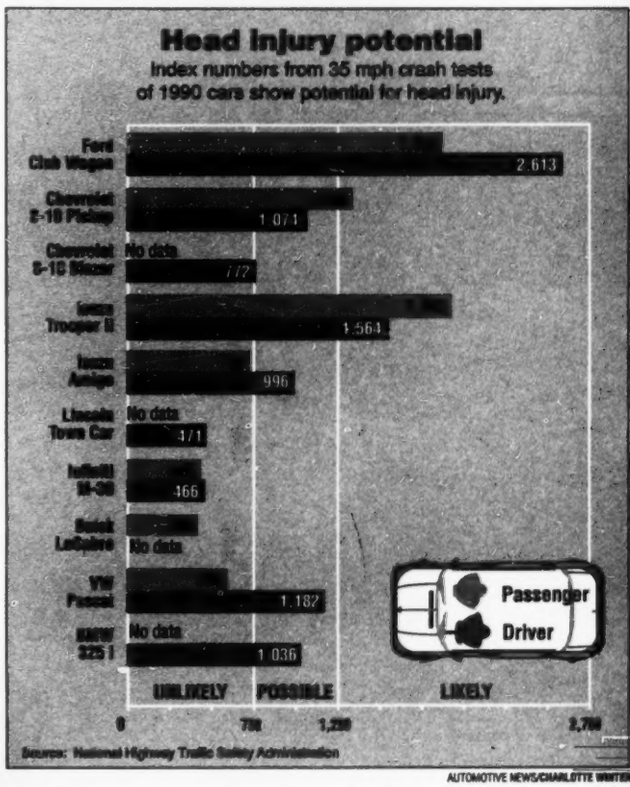
The Trooper's scores of 1,564 for the driver and 1,952 for the passenger are the highest among the four 1990 sport-utilities tested by the National Highway Traffic Safety Administration so far this year.

The latest round of results brings to 26 the number of scores released in the 1990 model year. A total of 36 vehicles will be tested in the New Car Assessment Program.

NHTSA says that a test score above 1,250 indicates head injury is likely; between 750 and 1,250, possible; and below 750, unlikely.

The test is equivalent to a head-on collision between two vehicles traveling at 35 mph.

Two other sport-utilities were tested in the latest round. The Isuzu Amigo's driver score fell in the "possible" range and its passenger score in the "unlikely" range. The Chevrolet S10 Blazer had a "possible" driver-side rating. Passenger scores were not available because of electronic problems during testing, NHTSA said.



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In an earlier round, the Toyota 4Runner received a "likely" score of 1,306 for the driver side and a "possible" 1,133 score for the passenger side.

The Ford Club Wagon van had a head-injury score of 2,613 for the driver and 1,896 for the passenger — both "likely." The Club Wagon is the first 1990 van tested in the program. NHTSA says comparisons are valid only between vehicles of the same size and weight.

The Chevrolet S10 pickup was the only vehicle tested in the light-truck class. It recorded a driver-side score in the "possible" injury range and a passenger score in the "likely" range.

In the passenger-car category, the BMW 325i and Volkswagen Passat were tested as medium-weight cars. The 325 had a driver-side head-injury score of 1,036 — "possible" injury. No passenger-side score was available because the seat belt broke during testing. NHTSA said the belt was not defective.

A Passat driver would suffer "possible" head injury, and a passenger would be "unlikely" to be injured, the test showed.

Three heavy cars also were tested: Buick LeSabre, Lincoln Town Car and Infiniti M30. Head injuries were deemed "unlikely" for front-seat occupants in the Infiniti. Because of electronic problems, only one score is available for the other cars. Injuries would be "unlikely" for a Town Car driver and LeSabre passenger.

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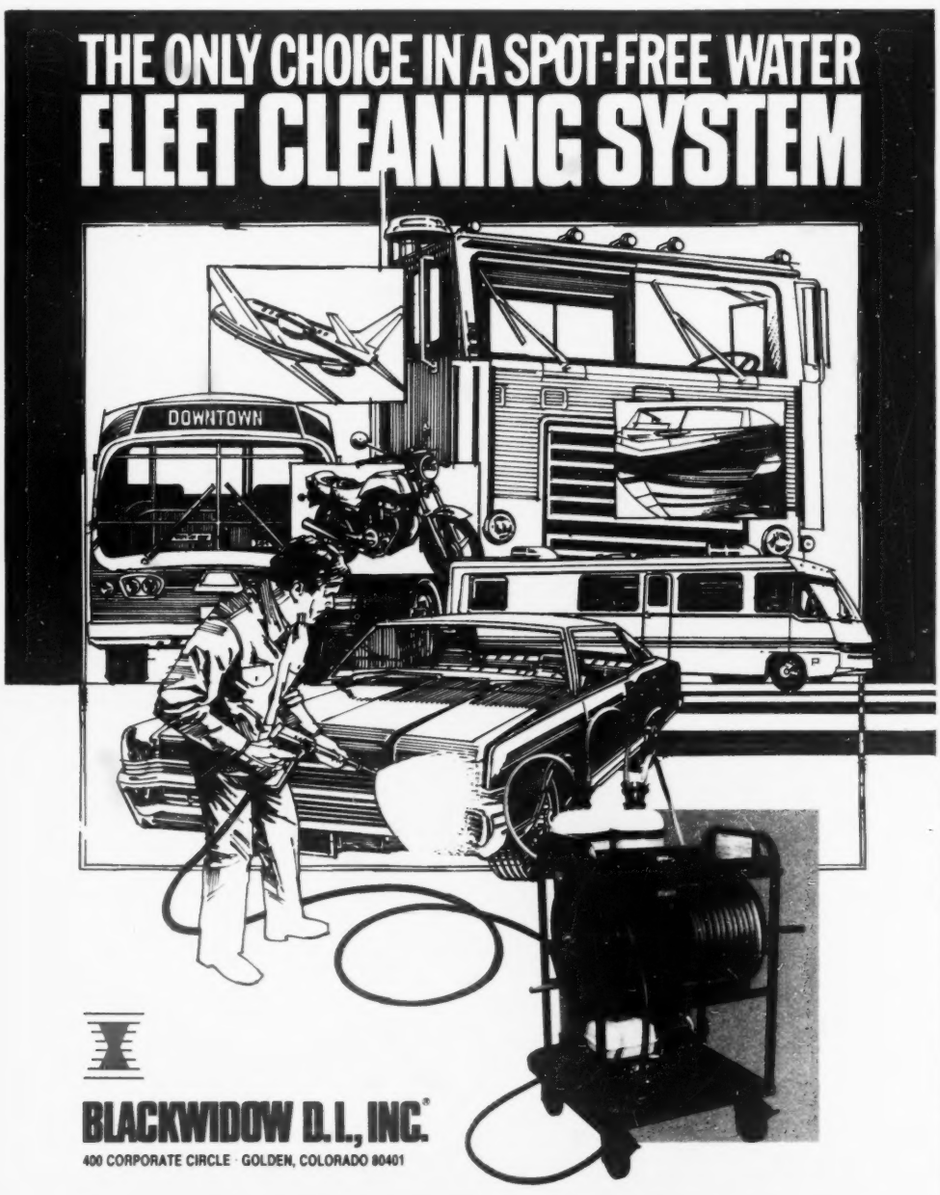

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Circle ReaderService #26

Chrysler targeted for recall

By Diana T. Kuryiko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Center for Auto Safety has asked the federal government to recall 5.5 million front-wheel-drive Chrysler cars and minivans, alleging that they fail to hold the transmission in park.

In its petition to the National Highway Traffic Safety Administration, the center said two deaths and 20 injuries have been attributed to the alleged defect. In all, the center's and NHTSA's files contain 76 complaints of transmissions jumping into gear.

The vehicles covered in the petition are:

- 1981-89 Dodge Aries and Plymouth Reliant
- 1982-87 Dodge 400 and Chrysler LeBaron
- 1983-88 Dodge 600, Plymouth Caravelle and Chrysler New Yorker
- 1984-89 Dodge Caravan and

Chrysler Corp. said the cars are not defective.

"We don't know of any problem that the center may be alleging — all they have is a couple of incidents that they believe a vehicle moved out of park," said Albert J. Slechter, Chrysler's federal government affairs director.

The center said it received several complaints this spring from Chrysler owners and decided to investigate government files. "It became apparent there was a problem," said Michael Johnson, a member of the center's vehicle safety staff.

Johnson said the problem apparently affects Chrysler vehicles based on the K-car platform, with a column-mounted transmission shift lever.

All the vehicles were available with the same engine (2.2-liter) and transmission, Johnson said.

NHTSA is reviewing the petition and will decide whether to open an

June decline pulls Europe's midyear sales below '89

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — After five years of soaring, European new-car sales are beginning to sputter.

Sales in 17 Western European countries fell 10.3 percent in June to 1,086,200 units, according to figures compiled by *Automotive News* from various industry sources. Midway through 1990, the sales pace was running behind last year's, which brought a full-year record of 13.4 million cars. Six-month sales totaled 7,210,300, down a scant 0.3 percent from 7,235,600 during the first six months of 1989.

Europe has seen monthly downturns before during its unprecedented five years of growth, but they have been isolated. Indeed, the June decline followed a 3 percent increase in May.

But a clearly slower trend has emerged. Last month's decline, for example, was felt in all major markets — West Germany, Italy, France, the United Kingdom and Spain.

For the first half, Volkswagen Group held a narrow lead over Fiat Group after being pulled down in June by the declining West German market. The group's VW, Audi and Seat brands were up 2.4 percent for the first half to 1,085,500, or 15.1 percent of the market. But in June, the VW group dipped 10.1 percent to 158,000 units.

Overall West German sales slipped 7 percent in June to 263,000, according to preliminary estimates. But volume remained 2.8 percent above last year's midyear total, at 1,573,700.

For the first half, Fiat Group's sales across Europe fell 0.2 percent below last year's to 1,081,400. That was 15 percent of the market and was within an eyelash of first-place VW.

Italy is by far Fiat's most important market. The group, including Lancia and Alfa Romeo, was hurt by the market's overall 5.7 drop to 208,800 units during June. Italy was 1.8 percent ahead of 1989 at the end of June, with 1,363,100 new-car sales.

Third-place Peugeot S.A., counting the Peugeot and Citroen brands, was down 1.4 percent from last year at 931,000 sales. It held a market share of 12.9 percent at midyear. France's other manufacturer, Renault S.A., was off 0.1 percent in the first six months to 721,400, or 10 percent of the European market.

Sales in France tumbled 9 percent in June to 148,300 units, according to preliminary estimates. But France was still running 5.4 percent ahead of last year, at 1,186,000 sales.

Europe's two American-owned manufacturers, General Motors and Ford, each fell back in June.

GM has been Europe's fastest-growing maker during the past 18 months. In June, it dropped 0.2 percent to 134,000. Still, GM posted the biggest six-month increase among the volume carmakers: a 3.1 percent rise to 859,000 units, good for 11.9 percent of the market.

Ford has been hurt by the continuing slide in its most important European market, the United Kingdom. For the first half, Ford sales declined 2.4 percent to 824,900. Its market share was 11.4 percent.

The total United Kingdom market, where Ford is the unchallenged leader with more than 25 percent of sales, tumbled 18.3 percent in June to 141,700. The downturn now taking hold throughout Europe emerged sooner in the United Kingdom, where high interest rates have dampened consumer demand. Six-month sales were down 10.9 percent at 1,065,100.

Spain, Europe's fifth-largest market, continues to lose ground after a three-year boom that began in 1986. Sales in June dropped 21 percent to 96,800 units and were off 9.9 percent in the first six months at 540,100.

Among Europe's specialist makers, Mercedes-Benz AG was 1.7 percent behind 1989 at 224,600 sales for the first half. Arch-rival BMW AG was down 7 percent at 196,700.

Japanese carmakers combined held 10.8 percent of the Western European market through June on sales of 778,700 cars, a 2.7 percent increase over the year-ago period. Nissan was tops with 199,100, a 2.8 percent share at midyear.

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	6 Months 1990	Pct. change vs. 1989
West Germany	1,573,700	+ 2.8
Italy	1,363,100	+ 1.8
France	1,186,000	+ 5.4
United Kingdom	1,065,100	−10.9
Spain	540,100	− 9.9
Netherlands	315,700	0.0
Belgium-Luxembourg	299,400	+ 8.7
Switzerland	196,500	+ 5.1
Austria	164,800	+ 4.5
Sweden	135,400	−17.0
Portugal	102,700	− 6.7
Finland	83,600	−19.0
Ireland	52,700	+ 7.0
Greece	51,200	+37.0
Denmark	47,600	+ 4.0
Norway	32,700	+21.1
Total	7,210,300	− 0.3

EUROPEAN SALES

Manufacturer	6 Months 1990	1990 share*	6 Months 1989	Volume change (%) '90 vs. '89
Volkswagen	1,085,500	15.1	1,060,000	+ 2.4
Fiat Auto**	1,081,400	15.0	1,100,400	− 0.2
Peugeot S.A.***	931,000	12.0	944,000	− 1.4
General Motors****	859,000	11.9	832,800	+ 3.1
Ford†	824,900	11.4	845,600	− 2.4
Renault	721,400	10.0	729,900	− 0.1
Mercedes-Benz	224,600	3.1	228,600	− 1.7
Rover	205,200	2.8	215,900	− 5.0
Nissan	199,100	2.8	216,700	− 7.7
BMW	196,700	2.7	211,400	− 7.0
Toyota	186,200	2.6	180,400	+ 3.2
Mazda	141,600	2.0	122,700	+15.4
Volvo	133,100	1.8	146,400	− 9.1
Mitsubishi	90,300	1.3	89,100	+ 1.3
Honda	79,500	1.1	72,400	+ 9.8
Others	250,800	3.5	240,300	+ 4.4
Total	7,210,300	100.0	7,235,600	− 0.3

*Does not add to 100 because of rounding
**Includes Alfa Romeo, Lancia
†Includes Jaguar
***Peugeot, Citroen
****Opel, Vauxhall, Isuzu, Saab, North America

ADVICE

FROM PAGE 3

lage Cadillac in Dallas, as vice chairman for dealer relations.

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Robert H. Waterman, Jr., author of *The Renewal Factor*, co-author of *In Search of Excellence*.

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Ann Landers, syndicated columnist

"Pray a lot. The next three years are going to be rough for the automotive industry.

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Yokich

Stephen Yokich, director, UAW, General Motors department

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TOYOTA

FROM PAGE 3

60,000 units, output that will probably inch higher. In California, New United Motor Manufacturing Inc., a 50-50 joint venture with General Motors, will build about 100,000 Corollas this year, up from about 80,000 last year.

● NUMMI is also expanding to build 100,000 small pickups a year. Considering the obstacles it faced to obtain local approvals for the project, further expansion looks unlikely. The company spent nearly a year satisfying strict air-quality laws — and that was simply to reactivate an unused production line, which was formerly operated by GM.

Toyota declines to speculate about what product a fourth North American plant might build.

The entry-level Tercel would seem a logical choice. In volume terms, it placed third in Toyota's lineup last year (97,577 sales), behind Camry and Corolla. Two Japanese-badged competitors, Honda Civic and Nissan Sentra, are built in the United States.

Another possibility is a full-size pickup. McCurry has been outspoken in his desire for a large, U.S.-made workhorse truck. According to the sales executive, the move would satisfy dealers who say a Toyota entry would score well against Chevrolet and Ford.

Yet another possibility for U.S. production, say company sources, is a car along the lines of the Crown, a six-passenger sedan sold in Japan.

Such a move would bear out indications of growing interest at Toyota in the family-sedan market now dominated by the Big 3.

"Our next move probably will be into the big family-car market, where we've never really been a player," confided one U.S. sales executive.

IMPORTS

FROM PAGE 6

able to compete with Japanese makes," he said. "But I'm quite concerned about the situation after the transition period. We had a period of restrictions in the United States, but they continue year after year."

Japan and the United States agreed to a cap on car imports in 1981. Today Japan unilaterally restricts car shipments to the United States to 2.3 million annually.

"So I'm very much afraid if, for instance, the French manufacturers cannot reach the (competitive) level of the Japanese, they will say, 'Please, continue this restriction for another year,' " Tsutsui said. "I don't know whether they can promise that after three years or five years the market will be completely open."

Osawa of Nissan still holds out hope for a satisfactory resolution.

"There were a lot of reports after the Luxembourg conference that the transition period should be five years," he said. "But I don't think it is definitely and officially decided."

Japanese officials in Europe argue that even in a completely unrestricted environment, they could not quickly increase market share.

"It's not easy to expand a sales network in those (now-restricted) countries," said Tsutsui. "Some dealers don't want to deal with Japanese manufacturers because the situation is still uncertain."

Osawa said it takes several years to build an efficient sales network, "so it is impossible to make a kind of avalanche of Japanese cars in Europe."

Tsutsui also argued that European companies, not the Japanese, will benefit from the opening of the Eastern European markets.

"Compared to the European manufacturers, Japan is quite behind in terms of the East Bloc countries," he said. "We have less chance and maybe no chance to step into the East Bloc countries."

SUNRAYCE

FROM PAGE 3

weather, practicality couldn't be sacrificed for the sake of good aerodynamics, low weight or high efficiency.

To compete, the rules stated that racers had to fit inside a box 19.7 feet long, 6.6 feet wide and 5.2 feet tall. Single-person racers were allowed a 13.7-foot-long solar array. Vehicles with a pilot and passenger were allowed a 19.7-foot-long array. Organizers also required that the cockpit be fully enclosed on the bottom. Seats had to have five-point safety harnesses.

While these requirements hardly affected the creativity of the students or the diversity of the finished racers, they did push designs in a sleek and lean direction.

Excellent aerodynamics were vital to success. While the best production automobiles have drag coefficients between 0.29 and 0.32, sun-powered racers knifed through the air with drag coefficients closer to 0.15. That's about the same as modern fighter aircraft.

Because the cars operate on the smallest trickle of electricity generated by an array of photovoltaic solar cells and stored in batteries to power electric motors, they had to be light. Most of the vehicles were constructed using exotic sandwiches of composite materials and aluminum sheet. Weights ranged between 440 to 750 pounds.

Power produced from the cars' silicon-disc solar panels fell somewhere between 1,000 and 2,000 watts. Experts said a typical solar panel for the vehicles cost teams about $15,000. But some schools budgeted more than $80,000 for their panels.

Most teams used light and powerful silver-zinc batteries to store panel-generated electricity. But some schools tried alternatives. The University of Ottawa used zinc-bromide batteries. And the University of Texas fielded a hydrogen battery.

Power was provided to a small, highly efficient electric motor. As many as 18 of the racers used a direct-current brushless motor built by Unique Mobility of Inglewood, Calif. That motor, which the maker claims is 96 percent efficient, weighs just 13.5 pounds and produces 20 horsepower.

Other racers fitted motors of their own design. One of these provided a peak output of just 3 hp. Although top speeds varied widely, the Pride of Maryland was clocked at better than 50 mph. (Race speed averages ranged between 15 and 30 mph.)

Transmission of the power to the drive wheel was varied. Some racers used tiny versions of continuously variable transmissions with infinite gear ratios. Others used a simple five-speed bicycle hub.

Team budgets were widely different. Highly organized schools, like the University of Michigan, solicited corporate and private sponsorship with a business team and a public relations staff. They were able to raise over $800,000 for their race effort.

Other schools with leaner budgets still managed to field respectable racers and competed strongly. The University of North Texas built its racer with $28,000.

The top three finishers won GM sponsorship to compete in the World Solar Challenge in Australia in November.

SAAB

FROM PAGE 1

zation's first major move since Swedish parent company Saab-Scania AB spun off its passenger-car operations last December to form Saab Automobile AB, a 50-50 joint venture with General Motors Europe. Sinclair said GM had "nothing to do with" the changes.

Helling returns to active duty with a new perspective on how falling sales caught Saab flat-footed after five years in which seemingly nothing could go wrong.

Saab's high-water mark was 1986, when sales reached 47,414, more than triple the 1981 total. Sinclair often recalls that sales set a record every month for 60 consecutive months.

But sales have fallen every year since then. They dropped about 18 percent to 31,576 last year. They were down another 18 percent through June to 13,249.

Saab, like other European importers, was riding high in 1986. Many of the factors that humbled other importers — such as the 1987 stock market crash — also affected Saab. But as a small company, in Sweden and in this country, Saab had less margin for error.

The value of the dollar nosedived, beginning in 1985. Saab prices increased by about half from 1986 to 1989 — despite the protests of the U.S.-based marketing team.

Saab's bread-and-butter model, the 1978-vintage 900, has grown older and older. The 9000 was introduced in 1986, but it was too mainstream for some Saab purists, yet not unusual enough to attract outsiders.

Helling, who had been executive vice president for sales and marketing, said his year as a consultant helped him realize that Saab was still trying to conduct itself like a big car company even though it didn't have the volume to support the organization.

"Our mission here is to sell Saab cars and parts and accessories and to service them," he said. "The typical experience that a growing company has, is you look at a program and you say, 'OK, all right, that looks good, let's do it,' when it doesn't really do anything to pursue your mission."

Now, Helling says he intends to eliminate everything that doesn't directly contribute to Saab's "mission."

The 37 layoffs, ranging from clerical workers to middle management, marked the second time in about a year that Saab has cut its staff through layoffs or early retirements. The two cuts reduced the U.S. work force by about 23 percent.

Saab now has 416 positions — about three-fourths of them are at headquarters and the rest in regional offices. At the end of 1982, it had 254 employees.

Helling was among those who took early retirement last year. Within a month, he was hired as a consultant.

One reason for his departure was his frustration with the Swedish parent company's remoteness t the U.S. market.

"It's not that they don't want to they just don't understand th (U.S.) market," Helling said.

He said he also left because o the uncertainty over who migh buy Saab or form a joint ventur with the company, as Genera Motors Europe eventually did wit Saab's car operation.

Helling said he decided to retur in part because he was impresse with the top management tea GM has sent to Saab Automobil AB, including James P. Crumlish the chief financial officer.

Helling said David Herman president and chief executive offi cer of the joint venture, als "knows his stuff" for the U.S. mar ket.

The Saab Car Division, whic became Saab Automobile AB, los about $344 million in 1989 afte earning a slim profit in 1988. Her man has said he expects it to mak a profit by the end of 1991.

With GM's help, Saab plans t replace the 900 and the 9000, t add a new top-of-the-line car an to add V-6 engines and four-whee drive to Saab's four-cylinder front-drive lineup.

The U.S. name change and th management changes officiall take effect Aug. 15, but Hellin and Sinclair are already takin over their new jobs.

Saab public relations, the corpo rate legal department and the par ent company liaison function wi continue to report directly to Sin clair.

All other functions — includin sales and marketing, finance an administration, human resources service and parts and accessorie — will report to Helling.

The seven executives just belo Helling also get a number of new titles and responsibilities. Among them is William S. Kelly, vice pres ident of sales, who adds nationa marketing manager to his position

Sinclair eases up after decade as Saab U.S. boss

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

ORANGE, Conn. — Robert J. Sinclair is finally taking a breather after more than 10 years of what he calls "playing piccolo in a symphony orchestra that's playing the *1812 Overture*."

That's Sinclair's typically colorful description of what it was like to be president of little Saab-Scania of America, competing against giant car companies with billions of dollars to spend on advertising and rebates.

In his new position as chairman and chief executive officer, the 58-year-old Sinclair will be picking up the conductor's baton and handing the piccolo over to Sten Helling, 52, his friend and colleague for 23 years.

Helling officially takes over Aug. 15. Yet a year ago, he thought he'd said goodbye to Saab with an early retirement.

"I could've gone fishing the rest of my life," Helling said.

But as Sinclair puts it, Helling was hired as a full-time consultant "before his seat had a chance to get cold."

Helling said he hated his time as a consultant: "You can't tell people what to do. You can only suggest, or advise or advise strongly."

Unlike his quotable boss, Helling has shied away from the press. But his tanned, deeply lined face is familiar to dealers and Saab insiders.

Felix Bosshard, president of Charles River Saab in Watertown, Mass., and chairman of the Saab Dealer Advisory Council, said Helling has a good rapport with dealers and has a workhorse reputation. Dealers will welcome Helling back, he said.

"Bob Sinclair and Sten have always made a good team," Bosshard said.

Sinclair and Helling both worked for Volvo for about 17 years.

Sinclair joined Saab in 1979, and Helling followed the next year.

A naturalized U.S. citizen, Helling is a native of Gothenburg, Sweden, the home town of Volvo. He worked for Volvo for two years in Sweden, and has been in this country since 1965.

Sinclair said last week he has no "immediate" plans to retire but his pace will probably slow down.

A motorcycle enthusiast, Sinclair also confesses to having enjoyed jumping into a fast car "and really twisting that car's tail."

> "I love fly fishing. But it takes 10 minutes to tie a fly, and I don't have 10 minutes."
> **ROBERT J. SINCLAIR**
> Saab-Scania of America

He talked last week like someone who has given retirement some thought.

"For 22 years running, I've been in charge of Swedish car sales and marketing organizations in the United States. I'm 58-plus years of age, and I'm at the point where I needed to change my *modus operandi*. I'm approaching the time when I should give up some responsibilities and operate as a CEO at the board level," he said.

There were other considerations, too.

"I spend precious little time on motorcycles," he said. "And I love fly fishing. But it takes 10 minutes to tie a fly, and I don't have 10 minutes."

CONTRACT

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portunity to create more UAW/Ford jobs."

Bieber said that Ford's use of overtime is a "relentless effort to squeeze out costs, encouraging overtime abuses." Ford operates 13 assembly plants on overtime.

On job security, Ford's Pestillo said, "The competitive product is the only real job guarantee."

Pestillo said capital expenditures on plants has increased so much that the company may consider in the future to run its plants "all of the time." But whether or not 24-hour output is necessary today remains to be seen, he said.

Pestillo disputed the UAW's accusation that Ford is the worst offender in global outsourcing. He said Ford's outsourcing level now is about half of the value of every vehicle, or about the same as 1987.

On Friday, the talks moved to Chrysler Corp. in Highland Park, where the union said all it wanted from Chrysler was a pattern agreement with GM and Ford.

Chrysler didn't explicitly say it wanted to break the pattern, but the company did tell the union it wanted to be the strike target.

Anthony St. John, Chrysler employee relations vice president, said, "Being the target would give us a clear shot at being innovative and constructive and leaning toward Chrysler's specific needs."

Chrysler's innovative proposals to the UAW included "gain sharing," a localized form of profit sharing where individual plants are rewarded for local cost and productivity improvements; a multi-employer health care trust to lower health care costs; employee ownership of the company and more flexible work rules.

St. John said Chrysler's employment costs are currently $36 an hour, $3-$6 an hour more than GM and Ford, and some $6-$12 more an hour than the transplants.

Earlier in the week, Robert Lutz, Chrysler Motors president, said Chrysler needs to chart its own path with the UAW to raise its competitiveness. Lutz cited Chrysler's higher ratio of retirees to active employees and the strength of imports and transplants as reasons for avoiding the traditional pattern pact under which the major terms for the Big 3 are virtually identical.

"Any company owes it to itself and its employees both unionized and non-unionized to see if there aren't some trade-offs that we could negotiate that fit our unique situation better," Lutz said.

Bieber said the transplants will have no impact on what the union asks from the Big 3.

The UAW will negotiate concurrently with the Big 3 until about Labor Day when the union's executive board will select a strike target. After that, negotiations at the target company will dominate as both sides attempt to reach agreement before midnight on Sept. 14.

FORD

FROM PAGE 1

$630 or 4.19 percent.

On light trucks, the 1991 hikes include 2.52 percent on the Explorer two-door XL with two-wheel drive and 8.82 percent on the Aerostar wagon regular-length XL with 2wd. Ford increased the price of its base F-series pickup $634 or 5.59 percent to $11,967.

Ford added $1,016 or 8.0 percent to the base sedan in its popular Taurus line. Ford plans to add an electronically controlled automatic transmission and a sequential multi-port electronic fuel-injected V-6 to the 1991 Taurus and its sister car, the Mercury Sable, according to early fleet buyers' guides.

Ford raised the base price about 3 percent on the Crown Victoria, though a restyled model will be introduced early in the 1991 calendar year. The base price of the Crown Victoria standard sedan went up $555. It was the third price hike since Ford Motor labeled the Crown Victoria and Mercury Grand Marquis 1991 models in April. The three hikes total $969 for Crown Victoria and $957 for Grand Marquis.

The 1991 Mercury prices show increases averaging $364 for Tracer, $383 for Topaz and $695 for Sable. For Lincoln, the averages are $606 for Town Car, $843 for Continental and $1,320 for Mark VII.

1991 FORD PRICES — PRE-INTRODUCTION

	1991 Price	Increase over current price
FORD Escort		
Pony 2-dr.	$ 7,924	$ 359
LX 2-dr.	8,614	367
LX 4-dr.	9,042	368
LX wagon	9,627	368
GT 2-dr.	11,430	367
Probe		
GL	11,849	379
LX	13,387	379
GT	14,997	271
Tempo		
GI 2-dr.	9,920	379
GL 4-dr.	10,070	379
GLS 2-dr.	10,762	404
GLS 4-dr.	10,909	403
LX 4-dr.	11,066	403
AWD 4-dr.	11,793	403
Mustang		
LX coupe	10,157	643
LX hatch	10,663	643
LX conv.	15,852	653
LX 5.0L coupe	13,270	1,048
LX 5.0L hatch	13,776	711
LX 5.0L conv.	18,962	721
GT hatch	14,755	711
GT conv.	19,584	721
Taurus		
L 4-dr.	13,717	1,016
L wagon	15,149	816
GL sedan	14,190	1,016
GL wagon	15,599	816
LX sedan	17,057	816
LX wagon	18,648	816
SHO sedan	22,740	1,046
Thunderbird		
Standard	15,783	742
LX	18,199	875
Super coupe	21,233	782
LTD Crown Victoria		
Sedan	18,227	555
Wagon	18,638	555
LX sedan	$18,863	$ 554
LX wagon	19,388	555
Country Squire wgn.	18,890	555
LX Country Squire wgn.	19,640	555
LINCOLN Town Car		
Standard	28,581	472
Signature	31,540	696
Cartier	33,627	650
Continental		
Standard	30,395	850
Signature	32,304	835
Mark VII		
Bill Blass	30,862	1,147
LSC	30,738	1,493
MERCURY Tracer		
4-dr.	9,333	364
LTS 4-dr.	11,583	364
Wagon	10,353	363
Topaz		
GS 2-dr.	10,448	383
GS 4-dr.	10,605	383
XR-5 2-dr.	11,447	383
LS 4-dr.	11,984	383
LTS 4-dr.	13,008	383
Sable		
GS 4-dr.	15,821	695
GS wagon	16,766	695
LS 4-dr.	16,823	695
LS wagon	17,794	695
Cougar		
Standard	16,094	217
XR7	21,139	865
Grand Marquis		
GS 4-dr.	18,741	542
LS 4-dr.	19,241	542
Colony Park GS wgn.	19,461	543
Colony Park LS wgn.	20,033	543

AMERICA

FROM PAGE 1

base of $8,899; 1990 Honda Civic DX, $9,440; and 1990 Geo Prizm, $10,125. The 1991 Ford Escort's base price is $7,924. None of the models are equipped with air bags.

In May 1986, Chrysler created the America model marketing strategy by cutting the price of the Omni/Horizon subcompacts $710, increasing the standard equipment level, and offering the models with only two equipment packages and three free-standing options. Chrysler's share of the subcompact segment rose 3.2 percentage points by the end of December that year.

Buoyed by that success, in August 1987 the company announced Plymouth Reliant and Dodge Aries America models. Prices were cut $1,300 and only two option packages and 12 individual options were offered.

"We have used America successfully before and it has an identity in the market," said a company marketing source.

Dealers support Chrysler's revival of the America name and marketing strategy.

"I think the P-car America will be every bit as popular as the L-body America," Tomkinson said.

Last week, Chrysler said that due to increased dealer orders, it will hike daily production by 17 percent beginning today at its Sterling Heights, Mich., assembly plant. The plant builds P-cars.

In December 1989 Chrysler said it would offer so-called "P-minus" versions of the Shadow and Sundance. The company described the models as a lighter, content-reduced version of the car.

The P-minus cars were planned as 1991 models to be launched in spring 1990. That launch was delayed because the company opted to continue selling the P-car with customer rebates throughout the summer.

Last week, Chrysler Motors President Robert Lutz said the company expects increased P-car sales to help stem Chrysler's market share decline.

Chrysler's share of the U.S. car market dropped from 10.65 percent in the first six months of 1989 to 9.00 percent in the first six months of 1990, in part because of the discontinuance of the Omni/Horizon.

"I think you are going to see some action on our part at the low end of the market, which will definitely put us fully into the running against all domestic and imported small cars," Lutz said.

Jeep-Eagle minivan, Dakota plea reviewed

Chrysler Motors President Robert Lutz said the automaker is considering a plan that would allow Jeep-Eagle dealers to sell a version of the company's minivans. The Jeep-Eagle National Dealer Council has asked for a minivan by Jan. 1, 1991.

Lutz said Chrysler is particularly reviewing the dealers' argument that Jeep-Eagle needs a minivan because minivans are available in a range of competitive import and domestic franchises.

The request has raised the ire of the Chrysler-Plymouth and Dodge dealer networks.

Lutz also said the company is considering the request of Jeep-Eagle dealers to kill the Jeep Comanche and replace it with a version of the Dodge Dakota pickup by the spring of 1991.

But Chrysler has ruled out giving Jeep-Eagle a version of the A-body Dodge Spirit/Plymouth Acclaim/Chrysler LeBaron.

The Jeep-Eagle council had asked for an A-body model to boost the franchise's car lineup.

"Even now in this weak market we're having a worry that we can't produce enough Spirits and Acclaims," Lutz said.

Import sales tumble 9% in first half

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Sales of imported cars declined 10.48 percent in June and 9.33 percent in the first-half of 1990. This year's first-half total was 1,274,613.

The Honda Accord was the best-selling imported model for the month and for the half. Combined sales of U.S.-built and imported Accords make it the nation's best-selling nameplate so far this year.

Japanese imports were down 8.74 percent for June and 5.22 percent for the first half, to 904,410. Increased production at Japanese plants in North America more than made up for those declines.

European imports dipped 9.79 percent in June and 13.26 percent to 251,447 for the first half.

Among the Japanese Big 3 — Toyota, Honda and Nissan — only Honda's import sales improved for the first half. They were helped by a 12.38 percent increase for Accord. In June, Honda's import sales rose 72.83 percent over June 1989.

In the first half, import sales fell — in most cases dramatically — for the other lines in the 50,000-plus volume league at midyear 1989: Hyundai Excel, Nissan Sentra and Maxima, Toyota Corolla and Toyota Camry. All but Excel and Maxima are also produced in the United States.

Nissan's import sales were down 32.21 percent for the month and 20.48 percent for the half. All Nissan import lines except Stanza declined for both periods.

Toyota imports were off 37.90 percent for the month and 17.63 percent for the half. Strong increases were shown by two restyled lines, the Celica and MR2.

Among the Big 3's captive imports, sales of Chevrolet's Geo increased 22.64 percent for June and 39.42 percent for the half.

MARKET SHARES
Domestic, Import cars

	June 1990 Sales	Pct. of Total
Subcompact	206,707	24.12
Compact	231,240	26.99
Intermediate	292,593	34.15
Standard	110,727	12.92
Specialty	15,623	1.82
TOTAL	856,890	100.00

IMPORT SALES BY MODEL

	June 1990	June 1989	6 Mos. 1990	6 Mos. 1989
ACURA	13,617	14,078	71,726	71,060
Integra	8,179	8,808	43,159	39,663
Legend	5,438	5,270	28,567	31,397
ALFA ROMEO	484	241	1,388	1,636
Milano	7	44	29	653
Spider	274	197	1,156	1,053
164	203	0	203	0
ASTON MARTIN*	5	5	30	30
AUDI	2,567	1,899	11,093	9,312
4000	0	54	0	89
5000	0	54	11	248
80	556	342	2,430	2,440
90	425	431	1,867	2,552
V8 Quattro	180	0	883	0
Coupe Quattro	117	0	502	0
100/200	1,090	765	4,468	3,014
100/200 Quattro	199	253	932	969
BMW	5,425	5,841	31,487	34,849
3-Series	2,627	3,069	14,941	17,109
5-Series	1,845	1,792	11,430	10,841
635 CSi	20	171	204	834
7-Series	821	670	4,320	4,959
M3	64	82	418	580
M5	48	29	148	231
M6	0	28	6	295
CHEVROLET/GEO	12,433	10,138	80,053	57,418
Geo Storm/Spectrum	7,751	5,336	49,457	30,195
Geo Metro/Sprint	4,682	4,802	33,232	27,223
CHRYSLER MOTORS	5,731	7,706	32,456	56,984
Colt	3,627	4,249	18,265	31,638
Conquest	168	515	896	3,371
Medallion	126	217	475	3,480
Summit	1,241	1,396	7,777	10,685
Vista	347	1,156	2,948	7,101
TC	222	173	2,095	709
DAIHATSU	715	1,205	5,895	6,827
FERRARI*	80	80	480	480
FORD Festiva	3,799	4,986	29,550	36,426
HONDA	26,080	15,090	124,290	115,780
Civic/CRX	8,251	3,345	34,736	31,598
Accord	11,872	9,136	68,030	60,538
Prelude	5,957	2,609	21,524	23,644
HYUNDAI	11,729	15,537	69,873	98,290
Excel	8,910	12,830	53,807	86,469
Sonata	2,819	2,707	16,066	11,821
ISUZU	345	1,549	1,810	9,593
I-Mark	105	472	932	6,687
Impulse	240	1,077	878	2,906
INFINITI	1,797	0	9,268	0
M30	670	0	3,236	0
Q45	1,127	0	6,032	0
JAGUAR	1,532	1,888	9,450	9,365
XJ6	1,137	1,511	6,910	7,120
XJS	395	377	2,540	2,245
LAMBORGHINI*	13	13	78	78
LEXUS	5,049	0	28,439	0
ES 250	1,773	0	9,382	0
LS 400	3,276	0	19,057	0
LOTUS*	27	27	162	162
MASERATI*	20	24	120	140
MAZDA	13,472	16,690	82,133	90,921
323	1,790	5,603	10,768	39,179
Protege	5,183	0	23,492	0
626	917	5,911	14,282	27,849
MX-6	24	391	94	1,970
Miata	3,440	1,711	19,889	1,756
929	1,329	1,725	8,208	10,576
RX-7	789	1,349	5,400	9,591
MERCEDES BENZ	6,692	7,079	37,307	36,265
190	1,092	1,476	6,371	6,714
300E 2.6/260E	202	523	1,122	2,247
300	2,305	1,977	12,558	11,053
300 SE	545	636	3,389	3,342
350SDL Turbo	168	0	234	1
300SEL	330	381	1,933	2,016
420SEL	569	587	3,362	3,203
560SEL	365	429	2,351	2,467
SL Coupe	778	816	4,387	4,090
560SEC	163	132	908	744
Tourist	175	122	692	388
MERCURY/MERKUR	4,239	7,707	12,117	36,913
Tracer	4,239	7,184	9,495	32,419
XR4Ti	0	308	198	2,683
Scorpio	0	215	2,424	1,811
MITSUBISHI	13,371	6,275	65,737	37,536
Starion	5	37	17	548
Cordia	0	12	0	339
Tredia	0	0	0	10
Mirage	6,140	2,000	35,536	9,383
Galant	6,650	2,035	25,727	16,707
Sigma	208	0	1,186	0
Precis	243	2,026	2,664	9,573
Wagon	125	165	607	976
NISSAN	27,637	40,769	167,846	211,079
Sentra	4,401	11,562	36,119	65,369
Pulsar	233	3,045	3,355	14,054
Stanza	8,154	5,676	37,686	23,967
Maxima	8,049	9,579	51,106	54,121
240SX/200SX	4,949	7,277	25,791	38,417
300ZX	1,641	3,173	11,604	12,753
Hawaii	210	457	1,691	1,759
PEUGEOT	355	501	2,376	3,067
PONTIAC LeMans	4,968	6,160	19,333	26,919
PORSCHE	844	956	5,131	4,554
924S/944	11	5	159	82
944S	226	56	1,131	141
944 Turbo	33	61	429	356
911 4 Coupe/Targa/Cabriolet	382	300	1,956	1,276
911 Turbo	0	143	6	718
911 2 Coupe/Targa/Cabriolet	146	167	1,035	849
928S	46	83	359	453
ROLLS/BENTLEY*	100	100	600	600
SAAB	2,799	2,385	13,249	16,192
900	589	676	2,390	2,737
900S	823	448	2,931	3,423
900 Turbo	735	639	3,967	4,740
9000S	216	207	1,028	1,459
9000 CD	292	178	1,760	1,616
9000 Turbo	126	164	1,095	1,800
Tourist	18	73	74	417
STERLING	311	563	2,336	3,351
SUBARU	8,526	13,235	49,059	73,724
Hatchback	18	668	148	2,000
3-Door	26	3,330	185	6,118
4-Door Sedan	39	3,149	314	23,116
Legacy	4,825	2,202	26,673	5,412
Loyale	2,851	753	12,969	3,155
XT/XT6	138	1,677	815	6,103
Station Wagon	13	1,356	156	17,175
Justy	616	100	7,733	10,645
SUZUKI	589	349	3,157	2,809
TOYOTA	28,536	45,953	185,111	224,722
Corolla	6,581	12,472	45,323	56,495
Tercel	6,095	7,990	48,921	48,070
Celica	7,058	4,932	42,947	28,159
Supra	558	1,365	3,910	8,357
Camry	5,487	16,739	31,825	70,064
Cressida	1,057	1,931	5,261	10,628
MR2	1,700	524	6,924	2,949
VOLKSWAGEN	14,710	15,063	68,448	70,352
Cabriolet	837	1,409	4,486	6,092
Corrado	493	0	2,582	0
Jetta	7,352	6,673	32,984	30,029
Golf/GTI	1,878	2,769	7,806	12,048
Passat	1,467	0	7,109	0
Quantum	1	163	26	847
Scirocco	0	88	9	825
Fox	2,682	3,961	13,446	20,511
VOLVO	8,979	9,695	49,300	53,043
240 Series	3,145	4,394	17,902	21,885
740 Series	4,904	4,208	26,308	23,466
760 Series	644	887	4,082	6,498
780	62	132	419	900
Tourist	224	82	589	282
YUGO	533	1,038	3,725	5,305
TOTAL IMPORTS	228,109	254,825	1,274,613	1,405,782

*Estimate

Compiled by Karen Dobkowski

FRANCHISE

FROM PAGE 1

gets and customer satisfaction performance levels for a dealer, rules for buying and selling the dealership, successor clauses governing transferring a dealership to a family member and detailed requirements for equipment and employee training.

GM officials will begin holding zone meetings today with dealers to explain the agreement.

Each dealer must sign the agreement to continue the franchise. The dealer meetings will continue through early September.

The GM franchise agreement, except for a provision being taken out or added every five years, has remained basically the same since 1956. That year brought a major revision of dealer franchises in the domestic auto industry.

The 1956 changes followed a late-1955 Senate hearing in which a number of GM dealers — both active dealers and those whose franchises had been terminated — trooped to the witness stand to excoriate GM for its treatment of its retailers. The franchise improvements followed, and 1956 came to be known as "be nice to dealers year."

In addition to the more liberal selling agreements, 1956 saw the passage of the Automobile Dealers Franchise Act, better known as the good-faith law, or the dealer day-in-court law.

This year, in a radical departure from the past, each GM division will have a unique section of the agreement. Each division, with a dealer committee, wrote a portion of the agreement that applied to that division.

"Each division is getting its own personality and its own place in the market, so the agreement needs to be different," said Robert H. Ogden, general director of sales operations and dealer relations for GM.

Arbitration to differ among GM divisions

Under the 1990 franchise agreement, General Motors' five car divisions and GMC will use variations of binding or non-binding arbitration to settle disputes between dealers and the divisions.

- At Chevrolet, Pontiac, Oldsmobile and GMC, a dealer may choose to go before a binding arbitration panel; the alternative is a lawsuit.
- The Buick agreement requires a dealer to go before an arbitration panel, but the decision binds neither the dealer nor the company. After exhausting the arbitration process, either side can sue.
- The Cadillac agreement also requires a dealer in a dispute to go before an arbitration panel. The decision of the panel is binding on the division but not on the dealer; the dealer can sue if the decision is unfavorable.
- The Saturn franchise agreement is separate from the overall GM agreement and includes mandatory binding arbitration, which keeps all disputes out of the courts. Mandatory binding arbitration is controversial and unpopular with many dealers, who want to be able to sue, and has been opposed by the National Automobile Dealers Association.

The dispute resolution process was revamped in an effort to provide quick and economical solutions that could avoid lawsuits. Each division selected its own approach.

Under the 1985 agreement, GM has used voluntary arbitration with a GM-hired retired judge as a third-party mediator. A disinterested dealer helped select the judge. The judge's decision was binding on the division, but not on the dealer, who could still sue.

Claude "Bud" Moore, GM vice president of customer sales and service, said dealers often avoided voluntary arbitration because they felt the deck was stacked against them since GM paid the judge.

Dealer-factory disputes commonly arise when:

- The factory wants to appoint another dealer in the vincinity of an existing dealership.
- The automaker pulls a dealer's franchise for not meeting sales or customer satisfaction targets.

Under the 1990 agreement, each division will use an arbitration panel made up of dealers and division representatives. Some divisions also will include an impartial third party. (See accompanying story for details of divisional procedures.)

Also under the new agreement, each division will formalize dealer groups to advise on product, business and marketing decisions as well as on standards for dealership image, design, equipment and training. Some divisions already have committees to advise them on some of those issues.

The committees will be distinct from the existing elected dealer councils.

"The agreement doesn't do anything that will make a dealer more profitable tomorrow morning," Green said. "But in the long term, dealers will have a say in decisions that affect them and their profitability."

Green said NADA is surveying manufacturers to measure dealer profitability.

So far, he said, the survey suggests that about 30 percent of the nation's approximately 25,000 dealers are in the red. In the first five months of this year, 71.2 percent of GM dealers were profitable, up from 63.1 percent in the same period a year ago.

GM divisions developed the 1990 agreement over 18 months with dealer councils and dealer committees established specifically to work on the franchise.

"This is the first time I remember that dealers have had a chance to offer input into the agreement. It's a refreshing change," said Glen Ritchey, president of John Hall Chevrolet-Geo in Daytona Beach, Fla. Ritchey worked on the Chevrolet agreement.

Larry Brostoff, owner of Larry Buick in Long Island City, N.Y., was one of 10 dealers who served on a committee with five Buick officials to work on the Buick portion of the contract.

"We got a consensus on various items," Brostoff said. "In looking at the agreement, most of the points we (dealers) wanted seem to be in there."

INCENTIVE WATCH

DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990 models)		
Dodge Shadow, Plymouth Sundance	$750	Aug. 31
Ford Motor Co. (1990 models)		
Taurus SHO	$1,000	Aug. 8
Tempo	$250	Aug. 8
Topaz, Sable, Cougar	$300-$1,500, quota (only in New York, New Jersey, New England)	July 31
Town Car	$1,500-$2,500 based on number sold	Aug. 8
Continental Mark VII	$1,000-$2,000 based on number sold	Aug. 8
Ford Motor Co. (1989-1991 models)		
Taurus, Crown Victoria	$100-$600 based on number sold	Aug. 8
Escort	$200-$500, based on number sold	Aug. 8
Tracer	$200-$500, based on number sold	Aug. 8
Sable, Grand Marquis	$100-$600, based on number sold	Aug. 8
General Motors (1990 models)		
Buick Estate Wagon	$1,000	Aug. 2
Corvette	$2,000-$4,000 based on number sold	Aug. 10
Oldsmobile Cutlass Supreme, 88, Custom Cruiser, 98	$750-$1,250, based on number sold	Aug. 2
Pontiac Firebird	$500	Aug. 2
Audi (1990 models)		
100 Series	$1,500	Sept. 10
Hyundai (1989-90)		
Excel	$500-$750	Sept. 4
Sonata	$350	Sept. 4
Isuzu (1990 models)		
Pickup, Trooper	$700-$1,200, based on number sold	Sept. 30
Mazda (1990 models)	$500-$2,500, based on	
929, RX-7	number sold	Sept. 5
Mitsubishi (1990 models)		
Cars	$200-$2,000*	Aug. 31
Trucks	$250-$750*	Aug. 31
*Quotas apply on Eclipse and 2wd pickups in some regions.		
Nissan (1990 models)		
Sentra, Stanza	$300-$1,500	Aug. 2
Trucks	$1,000	Aug. 2
Axxess	$1,000-$1,500	Aug. 2
Peugeot (1989 models)		
405	$2,500-$3,500	None
Saab (1990 models)		
9000 Series	$1,500-$4,000, quota	July 31
Subaru (1990 models)		
Legacy	$1,500-$2,500	Oct. 2
Suzuki (1989-90 models)*		
Swift	$400-$2,000	Aug. 2
Samurai	$1,000	Aug. 2
Sidekick	$1,000-$2,500**	Aug. 2
*Customer rebate or dealer rebate; dealer's choice. **$3,000 in California		
Toyota (1989-1990 models)		
Tercel, Camry, Corolla	$200-$1,200, quota	Sept. 4
Trucks	$300-$1,400, quota	Sept. 4
Volkswagen (1990 models)		
Fox	$750-$1,000	Aug. 31
Golf	$1,000, quota	July 31
Corrado	$1,500, quota	July 31
Volvo (1989-90)	$200-$600, based on number sold	Aug. 31

Note: Some makers offer rebates in dealers on sales of 1989 and 1990 models. Most of these programs are

POWER

FROM PAGE 2

"We're trying to cover real costs. A study like the Customer Satisfaction Index costs $400,000 to $500,000."

But some don't think the fees are justified.

An automotive ad director said it appears the fees are out of line with Power's actual costs. "We are already paying for the research itself" separately, he said.

A marketer that wants to cite a Power survey in advertising is required to have subscribed to the survey for the past two years and must commit to buying the survey the following year. The subscription fee is based on a company's size and the number of models it markets, Ferron said.

A large multibrand marketer would pay in "six figures" for a study such as the 300-plus-page report accompanying the Customer Satisfaction Index, Ferron said. He said some companies negotiate a single price to buy all the syndicated studies.

Another agency executive said Power is risking the good will of the auto companies that subscribe to the syndicated research and also hire the consultancy for proprietary research.

"(J.D.) Power is accelerating the demise of his company by abusing the company's customers with too many studies and too many fee charges," he said.

Power already runs four annual car surveys. Besides the Consumer Satisfaction Index and the Initial Quality Survey, the consultancy does the Vehicle Reliability Index after they've owned their vehicles five years, and the Sales Satisfaction Index, based on consumer satisfaction with dealers.

Power also has a separate Initial Quality Survey on trucks and is considering a fifth survey involving car owners after three years of ownership.

Marketers are allowed to advertise a first-place overall finish and a best finish in any category.

So, when the Initial Quality Survey was released, Toyota Motor Sales U.S.A.'s Lexus Division rushed to advertise its first-place brand finish, and Buick soon broke a campaign about being the top domestic brand.

Mazda Motor of America is touting its Miata, its compact pickups and MPV minivan as the most trouble-free vehicles in their classes. Similarly, Chevrolet broke a print ad this month touting its Lumina coupe as "the most trouble-free car in its class." In small print, the class is revealed to be the "mid-size specialty segment."

"I was shocked when I saw that Chevrolet ad," said Automotive Marketing Consultants' Wangers. He noted that Lumina didn't finish in the survey's Top 10 models overall. The ad, he said, was an example of the sort of clutter that diminishes the impact of other ad claims citing Power surveys.

Peter Levin, director of advertising at Cadillac, said consumers interviewed in focus groups are generally aware of the Power name, "but there is some confusion about the various studies."

Cadillac nevertheless will incorporate the Power survey in its sales incentive campaign in August. "If we earn it and don't use it in advertising, it's possible people will think we didn't earn it," he said.

Not all research organizations allow their surveys to be used for promotion. Mitsubishi was refused permission by Maritz Marketing Research to tout the high finish of the Mitsubishi Galant in a recent survey, said Frances Oda, director of national advertising for Mitsubishi Motor Sales of America.

Maritz has held to its policy since beginning its syndicated research in the late 1960s, said Paul Arndt, vice president of research services. Because the auto marketers are footing the bill for the research, "it would be like asking them to pay for their own executioners if their competitors end up using the results as a club against them," he said.

Marketers that cite Power surveys generally support efforts to restrict ad claims.

"If something is worth winning, we don't want it to get diluted," said Jay Qualman Jr., Buick's general director of advertising.

"I'm pleased they're making an attempt to police" ad claims, said Craig Mathiesen, president of Ketchum Advertising in Los Angeles. The office's main client, American Honda Motor Co.'s Acura Division, has used its top ranking in Power's Customer Satisfaction Index for several years.

"If they didn't police the ads, there would be spurious manipu-

Ford's return hikes car, truck build

By Anne Wright
AUTOMOTIVE NEWS CHIEF STATISTICIAN

Car and truck outout rose last week as Ford Motor Co. resumed production following a two-week vacation.

Last week's scheduled car ouput of 89,852 units was 26.50 percent above the prior week and 8.20 percent ahead of the year-ago total.

So far this year, 3,435,325 cars have been assembled, 14.29 percent below last year.

Truck production was scheduled at 74,147, 76.40 percent above the prior week and 0.91 percent ahead of the year-ago figure.

Year-to-date, truckmakers have assembled 2,253,942 units, 7.60 percent below the 1989 total.

Last week's estimated production was split as follows: General Motors, 39.93 percent; Ford Motor Co., 34.03 percent; Honda of America Manufacturing Inc., 9.99 percent; New United Motor Manufacturing Inc., 4.56 percent; Mazda Motor Manufacturing (USA) Corp., 4.46 percent; Diamond-Star Motors Corp., 3.21 percent; Toyota Motor Manufacturing U.S.A. Inc., 3.21 percent; and Subaru-Isuzu Automotive Inc., 0.61 percent.

Ford resumed production last week at all but one assembly plant following a two-week vacation. The Dearborn, Mich., plant (Mustang) is scheduled to resume production today.

Ford slated daily overtime last week at the Wixom, Mich., and Wayne, Mich., car assembly plants and at all truck facilities except Lorain, Ohio, and Michigan Truck (Wayne, Mich.).

GM's Detroit-Hamtramck; Lansing, Mich. (Plant B); Lordstown, Ohio; and Orion Township, Mich., car plants were down last week for model changeover.

The company's Flint, Mich.; Lansing (Plant A and Reatta Craft Centre); and Wentzville, Mo., car plants shut down today for model changeover. The Janesville, Wis., car assembly plant completed model changeover this past weekend with no downtime.

Chrysler's Newark, Del., and Sterling Heights, Mich., car production facilities reopen today. One shift at the St. Louis No. 1 plant returns today following a two-week shutdown for retooling. Some 1,800 workers on the second shift remain on layoff.

Nissan's plant in Smyrna, Tenn., is slated to reopen today following a two-week vacation.

Canadian output trails prior week

Canadian auto output was targeted at 16,214 last week, 12.27 percent below the prior week and 33.99 percent above last year.

Scheduled truck production was 7,055, 14.33 percent below the previous week and 29.09 percent above the year-ago week.

General Motors' Oshawa, Ontario, plant was scheduled to work Saturday overtime last week.

Hyundai's plant in Bromont, Quebec, goes down today for a two-week vacation. The plant is expected to reopen Aug. 6.

U.S. CAR	Week Ended July 21, 1990	Week Ended July 22, 1989	Week Ended July 14, 1990	July to Date	Jan. 1 to July 21, 1990	Jan. 1 to July 22, 1989
Horizon	0	1,055	0	0	4,327	15,213
Sundance	0	0	0	1,157	43,433	64,561
Acclaim	0	0	0	1,607	55,549	70,752
Total Plymouth	0	1,055	0	2,764	103,309	150,526
LeBaron A	0	0	0	0	8,064	0
LeBaron J	0	1,072	0	898	26,823	55,973
LeBaron GTS	0	0	0	0	0	2,946
N. Yorker C-Class	0	0	0	961	24,535	57,496
Fifth Avenue	0	0	0	574	10,096	0
Imperial	0	0	0	122	16,672	0
Total Chrysler	0	1,072	0	2,555	86,190	116,415
Omni	0	1,295	0	0	4,078	16,347
Daytona	0	650	0	639	17,869	47,036
Shadow	0	0	0	1,428	50,731	61,412
Dynasty	0	0	0	1,707	63,416	83,278
Lancer	0	0	0	0	0	1,528
Spirit	0	0	0	1,018	51,364	60,292
Total Dodge	0	1,945	0	4,792	187,458	269,893
CHRYSLER MOTORS	0	4,072	0	10,111	376,957	536,834
Escort	5,762	8,093	0	5,762	113,652	177,414
Mustang	0	4,053	0	0	77,839	120,803
Tempo	2,981	2,733	0	2,981	74,748	83,999
Taurus	8,025	0	0	8,025	196,863	205,266
Thunderbird	2,986	2,864	0	2,986	66,220	91,282
Total Ford Div.	19,754	17,743	0	19,754	529,322	678,764
Topaz	1,360	1,730	0	1,360	28,386	38,904
Cougar	1,811	2,884	0	1,811	44,022	76,976
Sable	2,664	0	0	2,664	59,096	66,515
Total Mercury	5,835	4,614	0	5,835	131,504	182,395
Continental	1,516	1,189	0	1,516	32,548	38,771
Mark VII	463	365	0	463	13,003	13,646
Town Car	3,009	2,348	0	3,009	86,873	72,382
Total Lincoln	4,988	3,902	0	4,988	132,424	124,799
Total L-M Div.	10,823	8,516	0	10,823	263,928	307,194
FORD MOTOR CO.	30,577	26,259	0	30,577	793,250	985,958
Skyhawk	0	0	0	0	0	6,913
Skylark/Somerset	1,659	718	2,021	5,236	51,935	34,911
Century	1,625	2,789	1,669	4,603	40,295	72,601
Riviera	0	0	453	856	13,116	11,348
Electra/Park Ave.	2,651	0	1,383	5,077	22,143	43,308
LeSabre (fwd)	3,013	0	3,444	9,163	96,701	90,007
LeSabre (rwd)	0	51	0	0	4,022	4,061
Reatta	202	0	211	581	5,277	3,140
Total Buick	9,150	3,558	9,181	25,516	233,489	266,289
Eldorado	0	0	448	837	12,261	19,103
Seville	0	0	1,079	2,019	22,806	13,997
Brougham (rwd)	393	0	217	610	13,758	21,933
DeVille (fwd)	0	557	3,493	6,356	95,902	114,374
Allante	0	78	0	0	2,516	1,843
Total Cadillac	393	635	5,237	9,822	147,243	171,250
Cavalier	4,487	6,341	5,815	16,671	188,993	216,106
Camaro	0	0	0	1,504	36,760	64,591
Celebrity	0	0	0	0	0	70,349
Corsica/Beretta	6,203	0	6,352	17,053	162,909	229,026
Caprice	1,510	1,477	1,543	7,726	143,133	111,500
Corvette	563	560	561	1,579	14,061	15,413
Total Chevrolet	12,763	8,378	14,271	44,533	545,856	706,985
Calais	2,103	911	2,559	6,644	59,341	56,502
Cutlass Ciera	1,928	3,094	1,976	5,492	47,028	53,561
Cutlass Supreme	2,030	1,397	2,002	5,621	49,627	52,630
Toronado	0	0	245	467	9,509	4,845
88 (fwd)	2,047	0	2,553	6,885	61,904	85,904
88 (rwd)	0	188	0	0	1,214	4,877
98	0	188	1,005	2,402	32,784	42,295
Total Oldsmobile	8,108	5,778	10,340	27,511	261,407	300,614
Sunbird	0	2,948	0	3,223	83,181	84,208
Grand Am	0	3,996	4,110	7,973	113,723	143,974
Firebird	0	0	0	949	22,935	35,352
Grand Prix	3,233	2,221	3,223	9,048	69,371	71,775
Pontiac 6000	1,453	1,984	1,439	4,068	35,031	47,070
Bonneville	769	0	1,066	3,214	46,204	51,680
Safari/Parisienne	0	0	0	0	0	2,691
Total Pontiac	5,455	11,149	9,838	28,475	370,445	436,750
GENERAL MOTORS	35,869	29,498	48,867	135,857	1,558,440	1,881,888
DIAMOND-STAR	2,884	1,648	2,445	5,329	70,140	30,038
HONDA	8,980	7,302	8,903	17,883	240,136	212,233
Civic	2,040	2,510	1,995	4,035	65,637	72,404
Accord	6,940	4,792	6,908	13,848	174,499	139,829
MAZDA†	4,008	4,186	3,854	7,862	94,795	114,529
NISSAN	0	2,436	0	1,062	51,096	64,156
NUMMI	4,100	4,118	4,164	11,565	117,780	114,603
Corolla	2,100	1,688	2,119	5,873	59,132	46,204
Geo Prizm/Nova	2,000	2,430	2,045	5,692	58,648	68,399
SUBARU-ISUZU	550	3,525	354	1,324	14,249	67,641
TOYOTA	2,884	0	2,445	7,005	118,482	0
Total Cars, U.S.	89,852	83,044	71,032	228,575	3,435,325	4,007,880
Total Cars, Canada	16,214	12,101	18,482	47,087	590,120	554,877
U.S., Canada Cars	106,066	95,145	89,514	275,662	4,025,445	4,562,757
U.S., Canada Cars and Trucks	187,268	174,089	139,783	454,533	6,777,965	7,547,345

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes MX-6, 626, and Ford Probe
*—Estimated

CANADIAN CAR	Week Ended July 21, 1990	Week Ended July 22, 1989	Week Ended July 14, 1990	July to Date	Jan. 1 to July 21, 1990	Jan. 1 to July 22, 1989
Monaco	0	0	66	438	5,587	0
Premier	0	0	1,240	1,919	5,110	22,370
CHRYSLER MOTORS	0	0	1,306	2,357	10,697	22,370
Tempo	0	0	0	0	69,481	72,675
Topaz	0	0	0	0	25,040	30,827
Crown Victoria	0	0	0	0	64,122	68,779
Grand Marquis	0	0	0	0	56,568	74,446
FORD MOTOR CO.	0	0	0	0	215,211	246,727
Celebrity	1,146	1,098	1,191	3,395	19,567	14,762
Cutlass Ciera	2,414	2,491	2,554	7,181	51,826	93,333
Lumina	4,888	5,955	5,813	14,608	129,145	75,999
Regal	3,512	230	3,361	9,254	54,154	43,462
GENERAL MOTORS	11,960	9,774	12,919	34,438	254,692	227,556
HONDA	2,150	1,634	1,945	4,095	57,909	45,686
HYUNDAI	724	0	807	2,100	11,967	0
TOYOTA	1,200	513	1,325	3,593	34,571	7,531
VOLVO	180	180	180	504	5,073	5,007
Total Cars, Canada	16,214	12,101	18,482	47,087	590,120	554,877

U.S. TRUCK July	Week Ended July 21, 1990	Week Ended July 22, 1989	Week Ended July 14, 1990	to Date	Jan. 1 to July 21, 1990	Jan. 1 to July 22, 1989
Caravan	1,800	0	2,392	5,943	65,194	62,157
Dakota	200	182	0	200	37,864	55,019
Caravan C/V	50	0	145	303	4,112	4,518
Ram pickups	400	185	0	400	56,082	55,123
Total Dodge	2,450	367	2,537	6,846	163,252	176,817
Cherokee	0	3,503	0	0	90,190	125,081
Comanche	0	353	0	0	4,241	17,053
Grand Wagoneer	0	0	0	0	3,770	6,279
Wagoneer	0	70	0	0	2,185	5,037
Total Jeep	0	3,926	0	0	100,386	153,450
Voyager	1,600	0	2,194	5,213	61,096	58,725
Town & Country	25	0	29	79	2,027	1,872
Total C-P Div.	1,625	0	2,223	5,292	63,123	60,597
CHRYSLER MOTORS	4,075	4,293	4,760	12,138	326,761	390,864
Aerostar	4,531	3,917	0	4,531	111,550	131,692
Bronco	1,082	1,625	0	1,082	29,424	44,405
Bronco II/Explorer	5,544	1,684	0	5,544	93,628	71,290
Econoline	4,099	3,857	0	4,099	107,761	133,044
Mediums/Heavies	1,255	1,288	0	1,255	29,696	36,289
Light trucks	9,562	11,135	0	9,562	250,834	303,776
Ranger	5,311	4,769	0	5,311	158,833	188,540
Total Ford Div.	31,384	28,275	0	31,384	781,726	907,036
FORD MOTOR CO.	31,384	28,275	0	31,384	781,726	907,036
Astro	3,250	3,067	3,542	8,313	69,477	95,199
Blazer	378	597	370	1,049	10,035	16,337
Lumina APV	2,013	0	1,944	5,566	56,684	0
Mediums/Heavies	129	274	319	805	4,588	5,902
P-Model	591	665	646	1,765	15,065	20,771
Pickups	5,963	9,130	5,907	16,330	228,977	228,714
S-10	4,658	4,832	4,808	13,613	134,403	154,040
S-10 Blazer	3,807	4,168	3,991	11,035	51,837	111,745
Sportsvan/Van	0	2,661	0	1,172	37,788	56,148
Suburban	1,490	1,708	1,459	4,152	39,237	45,638
Total Chevrolet	22,279	27,102	22,986	63,800	648,091	730,775
Jimmy	86	171	102	268	3,131	4,836
Mediums/Heavies	191	676	555	1,077	4,943	9,029
P-Model	109	178	77	212	1,784	2,931
Pickups	3,914	1,532	3,930	11,320	91,398	70,076
S-15	1,190	1,333	1,083	2,810	31,101	35,524
S-15 Jimmy	1,432	1,121	1,253	3,645	17,789	31,004
Safari	510	772	216	2,113	24,891	24,722
Suburban	854	582	821	2,390	19,588	17,825
Vandura/Rally Vans	0	139	0	777	14,129	15,836
Total GMC	8,286	6,504	8,037	24,612	208,754	205,842
Olds Silhouette	1,228	0	1,281	3,490	22,490	0
Pontiac Trans Sport	1,163	0	1,141	3,180	31,151	0
GENERAL MOTORS	32,956	33,606	33,445	95,082	910,486	936,617
NAVISTAR	1,582	1,750	0	1,582	41,501	46,876
NISSAN	0	2,105	0	2,618	81,684	67,434
SUBARU-ISUZU	700	0	379	1,743	14,494	0
AM GENERAL*	450	450	450	1,350	12,690	12,690
MISCELLANEOUS*	3,000	3,000	3,000	9,000	84,600	77,900
Total Trucks, U.S.	74,147	73,479	42,034	154,897	2,253,942	2,439,417

CANADIAN TRUCK	Week Ended July 21, 1990	Week Ended July 22, 1989	Week Ended July 14, 1990	July to Date	Jan. 1 to July 21, 1990	Jan. 1 to July 22, 1989
Caravan	0	0	0	0	82,709	80,624
Caravan C/V	0	0	0	0	5,610	7,048
Ram Wagon	0	0	0	479	14,244	15,578
Ram Van	0	0	0	1,081	33,759	39,800
Total Dodge	0	0	0	1,560	136,322	143,050
Voyager	0	0	0	0	65,751	71,727
Total Plymouth	0	0	0	0	65,751	71,727
Wrangler	0	0	1,299	2,952	33,049	44,644
Total Jeep	0	0	1,299	2,952	33,049	44,644
CHRYSLER MOTORS	0	0	1,299	4,512	235,122	259,421
FORD MTR. (lt. trks.)	0	0	0	0	77,241	89,294
Light trucks	3,460	4,907	2,837	8,212	96,137	93,096
Vans	1,485	0	1,522	3,827	30,371	36,743
Total Chevrolet	4,945	4,907	4,359	12,039	26,508	129,839
Light trucks	1,420	288	2,115	5,409	40,920	41,691
Vans	465	0	462	1,789	13,286	18,057
Total GMC	1,885	288	2,577	7,198	54,206	59,748
GENERAL MOTORS	6,830	5,195	6,936	19,237	180,714	189,587
NAVISTAR	225	270	0	225	5,501	6,869
Total Trks. Canada	7,055	5,465	8,235	23,974	498,578	545,171
U.S., Canada Trks.	81,202	78,944	50,269	178,871	2,752,520	2,984,588

*—Estimated
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.

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AUTOMOTIVE NEWS/JOE WILSSENS

Dealer Al Serra lays the cornerstone at Saturn North, a 14,000-square-foot facility in Clarkston, Mich. More than $2 million is being invested in the 14-acre site and building. Also pictured are Michigan Secretary of State Richard Austin, center, and Don Hudler, Saturn vice president.

Saturn's dealers risk heavenly sums to sell new GM car

By Greg Bowens
SPECIAL CORRESPONDENT

John B.T. Campbell III likes to be first.

The president and chief executive officer of Campbell Automotive Group, which has eight dealerships and 12 franchises in California, was one of the first to put in an 800 telephone number for service customers. His was the first U.S. dealership group to go public, selling half the company to British investors to raise capital for expansion.

Now, he is among the first 104 men and women to gamble on a new car line without a reputation, built by a domestic company without a recognized name — Saturn.

Campbell's group is investing $4.9 million in two new dealership facilities for the new General Motors car and is fighting high overhead costs to achieve its goal: To be one of the first to dig into a possible gold mine.

"But even *our* resources are not endless," he said.

Dealers are spending $2 million to $4 million on new Saturn dealerships. Individual dealership rent factors average $23,100 a month, according to an *Automotive News* survey of 19 Saturn dealerships. That is twice the national average. Yet, Saturn dealers believe they will be profitable the first year.

"We think it's possible to be profitable out of the chute," said Campbell.

He bases his faith on Saturn Corp.'s controlled market approach that gives a dealer a monopoly in a market area.

He said that because of the large areas around Anaheim and Whit-

see SATURN, page 42

Smith drives Job. 1 today

By Phil Frame
and Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors Chairman Roger B. Smith was to fulfill a goal today by driving the first production Saturn car off the assembly line in Spring Hill, Tenn.

The timing of the birth of the second car remains a mystery.

In a private ceremony, Smith was scheduled to drive Job One off the line at about 11 a.m., said Saturn spokesman Mark Tanner.

see SMITH, page 43

The Colt, a little car, is embroiled in a big argument at Chrysler.

Jeep-Eagle may get Colt; C-P, Dodge deals will fight

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Bowing to pressure from Jeep-Eagle dealers hungry for an entry-level vehicle, Chrysler Corp. is poised to add the Mitsubishi-built Colt subcompact to the franchise's 1991 lineup.

The move is being fought by Chrysler-Plymouth and Dodge dealers who now sell the three-door hatchback imported from Japan.

In another indication of fluctuating Jeep-Eagle product plans, Chrysler last week said the franchise will not sell a version of the Hyundai Sonata compact. Chrysler and the South Korean automaker announced in February 1989 that Chrysler would buy 30,000 units annually of a version of the Sonata built at Hyundai's plant in Bromont, Quebec.

Jeep-Eagle dealers were to begin selling that vehicle in 1991.

A Chrysler statement blamed the demise of the venture on "changing U.S. market conditions." Chrysler

see COLT, page 41

Olds dealers pull Japan-bashing ad; others draw fire

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — A New York-area Oldsmobile dealer group has stopped running a television ad that literally belittled the Japanese.

The ad suggested that Americans should buy American cars, since they're built "for our size families, not theirs," while Japanese cars are built for short people.

Pontiac, Buick add new ad fee, Page 3

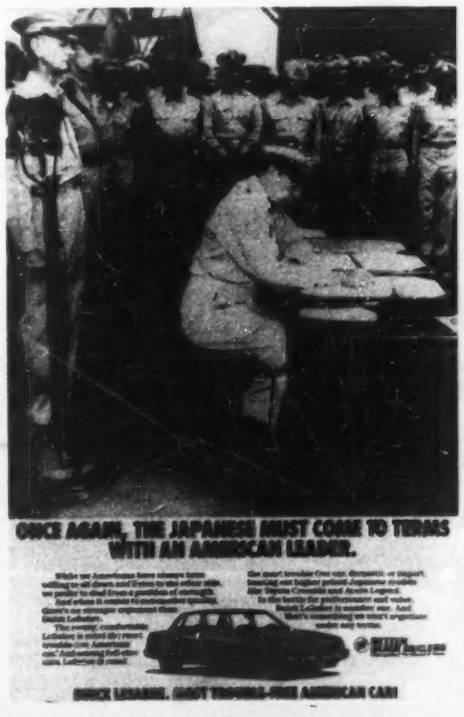
Ross Ruehle, an Oldsmobile spokesman, said the ad had been pulled. Carol Bensky, a spokeswoman for the 115-dealer Good Olds Guys ad group, said only that the ads had run as planned in May and would not be renewed.

The Oldsmobile ad was one of several strongly anti-Japanese car ads that have surfaced this year.

An 85-dealer Pontiac ad group kicked off a controversy here with a television ad that refers to New York City's Rockefeller Center as "Hirohito Center," a sarcastic reference to the late Japanese emperor and the fact that the Tokyo-based Mitsubishi Estate Co. bought a controlling interest in the New York City landmark last fall.

The New York Times ran a front-page story July 11 featuring Japan-bashing car ads, followed by an editorial calling the approach "racism."

see JAPAN ADS, page 43



A newspaper ad from the Chicago-area Better Buick Dealers group last spring shows a picture of U.S. Gen. Douglas MacArthur signing the Japanese surrender documents ending World War II.

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